

July 1919

25 Cents

THE NATION'S BUSINESS



It's up to Congress

POLICIES that touch every man—What to do about the railroads? With the wires we talk over? With our merchant ships? How shall the bills be paid? Shall water power be released? Shall the cow set our clocks?

A close-up of this legislation from the business man's viewpoint. On page 13.

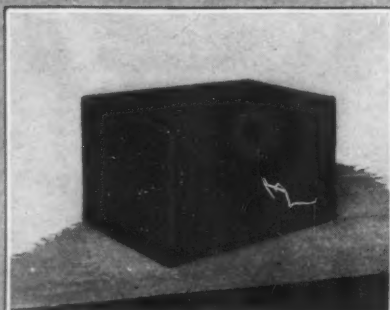


Could the Boxes You Use Stand this Test?



Showing how box was thrown down concrete stairway

Try this test on the ordinary shipping box and see what happens. Tumbled from the top of a flight of concrete stairs this H & D box—packed with 56 pounds of canned goods—bounced end over end down the concrete steps and against a solid concrete wall at the bottom—no damage. Pretty good when you realize that no ordinary shipping box would hold together half the distance—but wait. The box was carried back and shot down again for another trip of abuse—sidewise this time. The photographs show the result—one small bruise on one corner of the box and not a can, or even a label injured.



Showing box after two trips down stairway—unharmful

H & D Corrugated Fibre Shipping Boxes

are not only firm, they are tough—that's why they hold together under such misuse. They are like a cushion to their contents; see the imprint of the cans in the tilted lid of the open box—that's what kept these cans from bursting or even starting at the seams, under such trip hammer blows.

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You can investigate without trouble or cost.

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304 Water St., Sandusky, Ohio

A Special Service to Shippers

Our Service Department spends its entire time solving the problems of shippers. Through its hands pass annually thousands of trial shipments for experimental packing. Send us a sample of your product freight collect. We will consider your special requirements—repack and return it prepaid for your inspection.



Box is cut open for examination of contents

Book "How To Pack It" Sent FREE

Our new book, "How To Pack It" should be in the hands of every shipper. It is more than a mere catalog—contains much valuable information about best ways to pack and ship merchandise. On request we will gladly send a copy—without cost or obligation.



Contents are found undamaged

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THE NATION'S BUSINESS

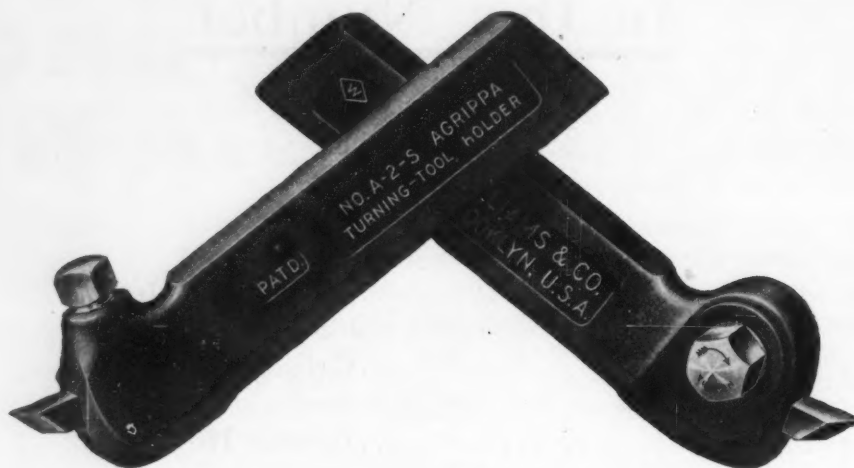
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MERLE THORPE, Editor and General Manager
 F. S. TISDALE, Managing Editor BEN H. LAMBE, Associate Editor
 JOHN G. HANRAHAN, JR., Business Manager
 GEORGE K. MYERS, Eastern Advertising Manager VICTOR WHITLOCK, Western Advertising Manager



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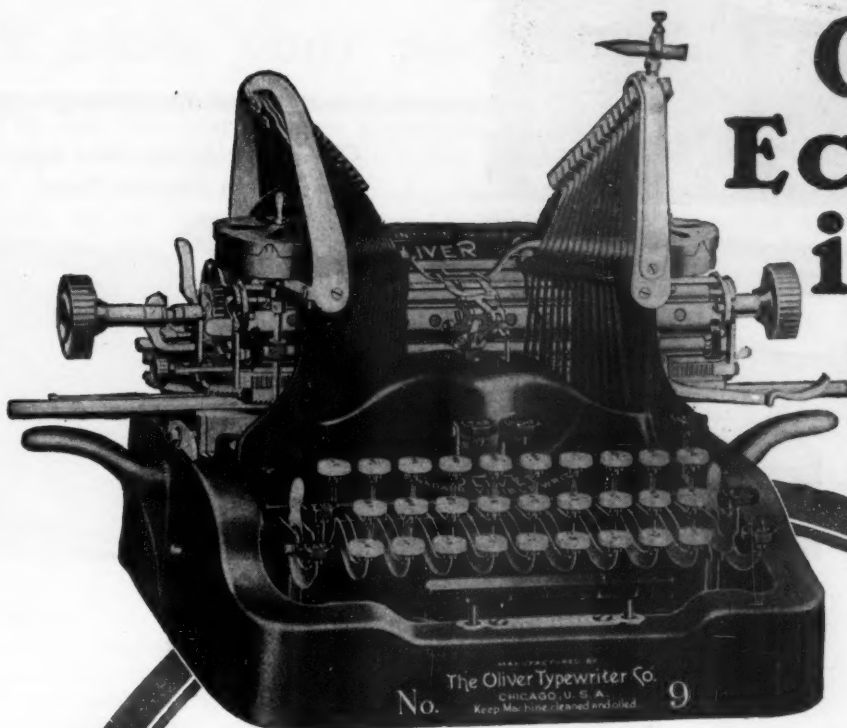
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In this machine you get the latest development of a \$2,000,000 typewriter corporation—guaranteed to be the same in material, workmanship and finish as the Oliver Nine formerly \$100. It is the best machine we have ever built. Oliver Nine has a keyboard which any typist can readily turn to—its operation makes it a favorite for typists who know it. There is no sound reason based on facts why you should not take advantage of the saving of our new selling policy—our offer to send to you a machine for complete test in your own office proves this claim. Your old machines accepted in exchange at a fair valuation. Every Oliver Nine carries our guarantee. Service is built into every part. Over 700,000 Olivers have been sold—discriminating buyers like those below are now using the Oliver:

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The Oliver Typewriter Co.
25-A Oliver Typewriter Bldg., Chicago, Ill.
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Oliver Features

The original visible writer. One-third lighter touch—permanent alignment due to arch-shaped type bars. Every machine is tested at 800 strokes per minute, 50 per cent faster than human hands. Built for hardest usage—famed for dependability. Printype, if you wish—type like print. Capable of 20-copy manifold. In-built tabulator. Ruler horizontal and vertical. Bronze bearings. No hair springs nor flimsy wires. Simplified construction—fewer parts. Built of fine tool steel.

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THE OLIVER TYPEWRITER COMPANY
25-A Oliver Typewriter Bldg., Chicago, Ill.

☐ Ship me a new Oliver Nine for five days free inspection. If I keep it I will pay \$57 at the rate of \$3 per month. The title to remain in you until fully paid for.

My shipping point is.....
☐ Do not send a machine until I order it. Mail me your book—"The High Cost of Typewriters—The Reason and the Remedy," your de luxe catalog and further information.

Name

Street Address

City State

Occupation or Business.....



*Changing a Storage Shed Into
a Modern Machine Shop*

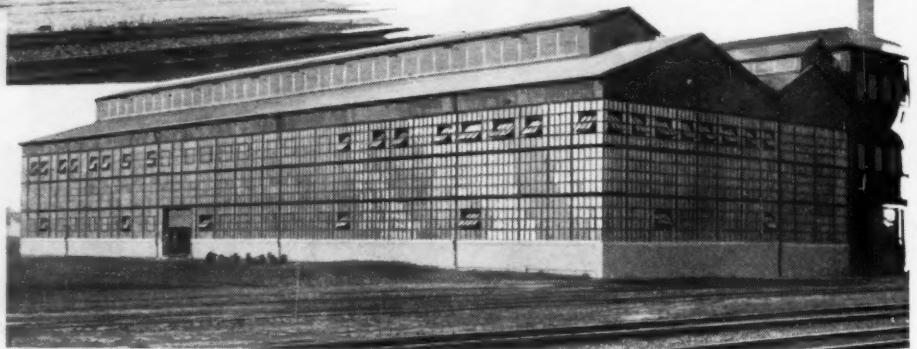
The Main Iron Works of San Francisco secured contracts which made additional machine shop space immediately imperative.

Two buildings previously utilized as storage space were the only available structures.

But these were dark and not at all suitable for the work required. The owners were persuaded to experiment with one "bay" of Fenestra Solid Steel Windows, as shown in the upper photograph.

So positive were the benefits derived that both buildings were quickly converted into daylighted shops by the use of Fenestra.

Christopher Henry Snyder, Member A. S. C. E., Engineer, San Francisco.



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You can quickly modernize an old building by the use of Fenestra Solid Steel Windows. The experience of the Main Iron Works is but one of thousands where this Fenestra advantage has been utilized.

Fenestra assures daylight and perfect ventilation—protection against fire and outside destructive forces.

A standardized product, Fenestra is adaptable to every type of building construction. Its low cost makes it practical for use in small buildings as well as large.

Write us about your needs today; send plans or photographs of the building you wish to convert into a modern daylighted structure. We will be pleased to show you how readily Fenestra can help you.

Fenestra Solid Steel Windows have nation wide distribution. Your contractor or building supply man can quickly obtain Fenestra for you.

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SOLID STEEL WINDOWS

It picks your pocket while you look on!

The last pre-war figures show America's fire loss at the astounding figure of \$2.10 per person per year. This is what you and everyone else in America paid to fire in 1913—four times as much as the Frenchman paid, seven times more than the Englishman and far more than in any other country investigated.

If this tax you pay to fire earned you immunity from it, perhaps the cost would be justified.

But fire grants no such stay—its threat is omni-present. Conflagrations still rage—particularly in America where its toll is greatest.

We have built our towns in a hurry and in the haste have overlooked the fact that "fireproofed" to have proper emphasis should be read "firep-roofed." For the easy path for fire through a community is across that community's roofs. Not always are roofs the kindling point but invariably they mark its course—unless they are built to repel fire.

In Johns-Manville Asbestos Roofing lies the answer to both community and personal fire safety. For in this fire-safe roofing, adaptable alike to factory or home, warehouse or public building, is nature's rock-like fibre, Asbestos—that repels fire, limits its destruction and protects your property.

It is of first and vital importance that you protect your own property against fire loss because this self-protection when taken collectively means the fire safety of America.

There is a Johns-Manville Asbestos Roofing on this list that on your building will protect you from fire's scourge.

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New York City

10 Factories — Branches in 63 Large Cities

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Asbestos Built-Up Roofing;
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rugated Asbestos Roofing;
Colorblende Shingles; Transite
Asbestos Shingles



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and its allied products

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that keeps the heat where it belongs
CEMENTS
that make boiler walls leak-proof
ROOFINGS
that cut down fire risks
PACKINGS
that save power waste
LININGS
that make brakes safe
FIRE
PREVENTION
PRODUCTS

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Serves in Conservation



CONTROL!

— *The Basis of Executive Management*



PICTURE your plant as seen from an airplane!

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Control in business is obtained through comprehensive financial and sales statistics, production reports and scientific schedules, and accurate knowledge of costs of operation. A system of cost control, placed in operation by L. V. Estes Incorporated secured for one client an increase of 15% in profits in nine months. A system of production control, for another client, increased output 27% and reduced costs of operation 16%.

To get the "airplane perspective" of *your* plant consult men who are trained to that vision. L. V. Estes Incorporated is an organization of such men—broad visioned, experienced engineers, competently supervised under a system of executive control.

Interested executives are invited to write for "Higher Efficiency," a book describing Estes Service.



This trade-mark pledges to all clients of L. V. Estes Incorporated an industrial engineering service consistent with the Estes reputation for leadership and record of results.

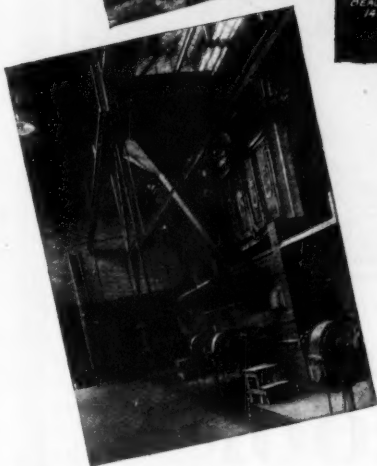
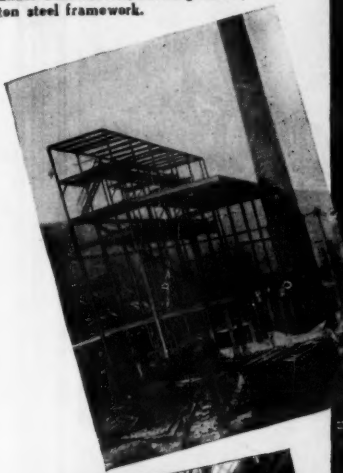
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INDUSTRIAL ENGINEERS

1503 Century Building, 202 S. State Street, Chicago, Ill.

ESTES SERVICE

The Solution of Industrial Problems

Beaumont Standardized Boiler House under construction, showing skeleton steel framework.



View of interior of Erie Forge & Steel Co. Plant, showing Larry feeding stokers.

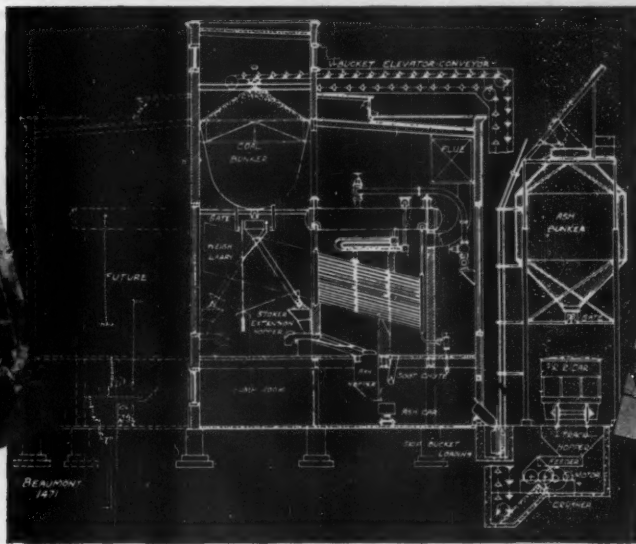
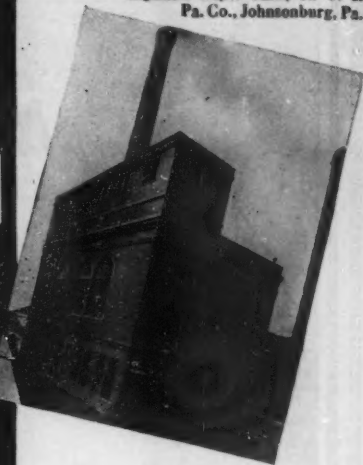


Diagram of Beaumont Standard "Internal Bunker Type" Boiler House

Beaumont Standard Boiler House, Highland Paper Mills, N. Y. & Pa. Co., Johnsonburg, Pa.



Speed + Economy + Satisfaction in Building Boiler Houses

Your boiler house is the heart of your plant. It is the efficient or wasteful source of the power which is life in manufacturing. For twenty-five years the R. H. Beaumont Company has designed, constructed and equipped boiler houses. Out of this thorough training in exclusive boiler house construction came the Beaumont Standardized Boiler Houses, which, like standardization in all other lines, meet modern requirements better than the old-fashioned "tailor-made" methods.

Speed

Construction starts day after the order is given. Gangs at work instantly; kept at work steadily. No delay waiting for drafting and engineering work. Boiler house is ready in shortest possible time.

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Precious days and equally precious dollars saved in erecting and equipping. Frequent repetition of similar operations—experienced workmen—lump sum purchasing—offers greatest possible value for least cost.

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One contract only—one responsibility—ours. We shoulder the whole job. Every integral part from beams to boiler approved by the best of engineering practice. Standardization eliminates all experimenting and guesswork.

If you are interested in boiler house construction let us send you the Beaumont book, "Standardized Boiler Houses." Contracts are taken for guaranteed maximum sum, based on prices existing when contract is awarded. If there are any reductions in costs of materials and labor during execution of work, this saving will be refunded.

Beaumont
ONE CONTRACT
ONE RESPONSIBILITY

Beaumont Company specializes only on power plants and does not enter into any other kinds of engineering and construction work. It seems conservative, therefore, to claim that their organization is better qualified in size, knowledge and experience for this one class of work than any other in the country.

R·H· BEAUMONT CO.
STANDARDIZED BOILER HOUSES
PHILADELPHIA



Barrett Specification Roofs on
plant of Beech-Nut Packing
Co. at Canajoharie, N.Y.

A QUALITY PLANT WITH A QUALITY ROOF

THE Beech-Nut Packing Company started out years ago with the Quality idea in food products.

Covering its first Quality food factory was a Quality roof—a Barrett Specification roof.

And as the years have passed and the wonderful growth of the Beech-Nut business has demonstrated the soundness of the Quality idea in foods, additions and new buildings have been added to the plant—and they have all been covered with the same Quality roof.

Today the entire plant, illustrated above, is covered with Barrett Specification Roofs.

The Quality Idea in Roofs

Many years ago The Barrett Company started to work out a specification that would make it possible for building owners everywhere to obtain through their local contractors, a Quality roof based on the best scientific principles of roof construction.

The result was The Barrett Specification. Today Barrett Specification Roofs cover more permanent buildings than any other type.

They take the base rate of insurance; they are guaranteed (under the simple conditions stated below) for a period of 20 years, and, what is perhaps most important of all, *they cost less per year of service than any other type.*

20-Year Guaranty

We offer a 20-Year Surety Bond guaranteeing Barrett Specification Roofs of fifty squares or over in all towns of 25,000 population and more, and in smaller places where our Inspection Service is available.

This Surety Bond will be issued by the United States Fidelity & Guaranty Company of Baltimore and will be furnished by us without charge. Our only requirements are that the roofing contractor shall be approved by us and that The Barrett Specification dated May 1, 1916, be strictly followed.

A copy of The Barrett Specification with full information free on request. Address nearest office.

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THE NATION'S BUSINESS

A Magazine for

Business Men

VOLUME 7, NUMBER 7

JULY, 1919

Where Is God's Country?

The Dane found it at 40 below zero on a Northwestern plain. No set formula will plant this fire in the breast of the alien—but here's a way it can be done

By FRANKLIN K. LANE

Secretary of the Interior

UNTIL lately the idea did not enter the American mind that there was anything to be done in America but to admit the foreigner to our shores for him to realize that this was the best of all possible lands and one altogether worthy of his affection. We thought that we were showing the goods when we showed the warehouse in which the goods were stored. We believed that by some quirk of alchemy the man of foreign language, foreign ideals, foreign habits was transformed into an American by landing on these shores. Now we know that this is not so, that no such miracle necessarily happens. And we are looking about first to know what our duty is, and then how that duty can be best done.

You would be amused if you could read our daily mail to find how many there are who think, poor scientific souls, that Americanism can be given by some formulated method. I do not mean that teaching English may not be something which can better be done one way than another, but this is only the beginning of a process. I am talking of those who believe that a man may be made into a 100 per cent American by being given some sort of hypodermic injection of a solution made up of one part learning to read and write English, one part United States Declaration of Independence, one part Constitution of the United States, one part apple pie, one part American shoes and one part American plumbing.

Now I am far from belittling any one of these factors, these elements or ingredients in the elixir of life which we wish to put into the veins of this new-comer. I know that when such institutions as the American bath tub is understood and freely and voluntarily used it is good medicine. I know that when a man can be seen to lunch off a glass of milk and a piece of apple pie he is presumed to be American. I know that an

understanding of the Constitution of the United States and of the principles of the Declaration of Independence are essential to good citizenship—and many believe in them with their subconscious minds who hardly know of them. I know that to speak and

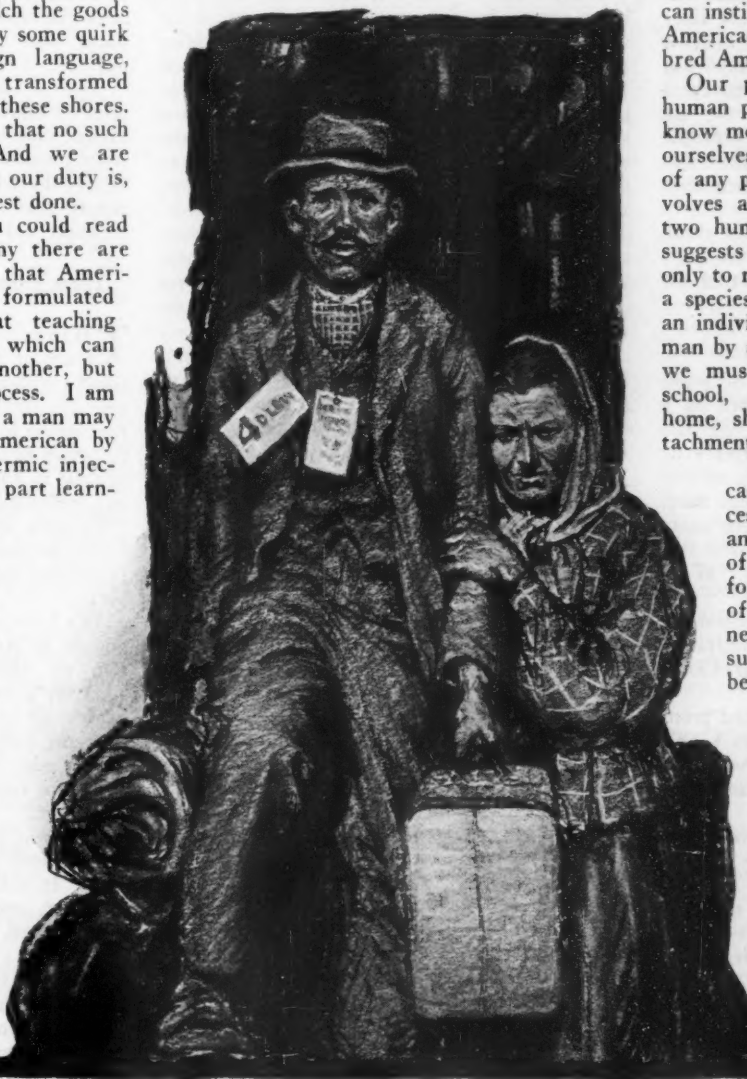
read and write English is to give eyes and ears to anyone seeking to be of us.

Yet I know that there are those who are thus far of us who are far from us. And they were not all born on foreign soil. They are far from us because they do not feel that whole-souled loyalty to American soil, American institutions, American responsibilities and American hopes which make the thoroughbred American.

Our problem is complex because it is a human problem. And I sometimes think we know more about the stars than we do about ourselves. There can be no universal solution of any problem, disease or trouble which involves a human being because there are no two human beings that are alike. Bergson suggests that the doctrine of evolution applies only to man if we recognize that each man is a species by himself because in him there is an individual spirit. So we must reach each man by a different method. And that is why we must have so many avenues open—the school, church, club, garden, lodge, sport, home, shop—every way by which human attachments are formed.

Every man is a walled and moated castle with hundreds of doors for access. Some have insulated themselves and have all their doors closed. Most of us have a few doors open—our love for our children; our love for a piece of land; our hatred of injustice; our need for human sympathy; our fear of suffering; our hope that this may be a better world. Through these doors we can have access to the strange man within. And there is some word or some action that will open each of these doors.

And this brings me to speak of something which I have had on my mind for many months—a human way of preaching Americanism without preachments, literature or dogma, almost without organization. The establishment of what I have called, for lack of a better



name, "The League of American Fellowship," in which everyone would be eligible for membership who would pledge himself or herself for one year to attempt to interpret America to some single new American by giving him or her a real insight into American history, tradition, standpoint, institutions, games, home-life and spirit.

Of course, you are all charter members of that League. It already has thousands of members. It ought to have millions of men and women, boys and girls. And we may safely say that Democracy will not have proved itself until we all are in that League.

There can be therefore, no one method, one standard method for Americanization but there can be one standard of result—a supreme affection for America and all that is in it. I do not know what chemical test can be applied to make sure that this result has been achieved.

Perhaps the best test that this land could have as to its ability to win and hold the supreme allegiance of its people is that we have just passed through—the war, the democratic draft, the sacrifice of life.

"God so loved the world that He gave His only begotten Son that whosoever believeth in Him should not perish but have everlasting life."

For America those boys died. One from a Russian father, one from a Greek, one from an Irish father, one from an Italian, one from a German father, and one from a Dane—all are Americans. They knew why they fought. They fought because they hated injustice and loved liberty—but these principles were made concrete to them by one word—"home." The result we are after will be reached when we have a people who call some spot in this land home—and whose eyes melt and cheeks glow when they think of it.

This is so great a land that we can think of it only in Sections. It is enough if we do—if we have that attachment to one part of the great whole.

The Man with Five Coats

I REMEMBER once, thirty years or more ago, passing through North Dakota on a Northern Pacific train. I stepped off the platform, and the thermometer was thirty or forty degrees below zero. There was no one to be seen, excepting one man, and that man, as he stood before me, had five different coats on him to keep him warm; and I looked out over that sea of snow, and then I said, "Well, this is a pretty rough country, isn't it?"

He was a Dane, I think, and he looked me hard in the eye and he said: "Young fellow, I want you to understand that this is God's own country."

Every one of those boys who returned from France came back feeling that this is God's own country. He knows little of America as a whole perhaps; he can not recite any provision in the Constitution of the United States; it may be that he has learned his English while in the Army; but some part of this country is "God's own country" to him. And it is a good thing that we should not lose the local attachments that we have—those narrownesses, those prejudices that give point to character.

There is a kind of breadth that is shallowness; there is a kind of sympathy that has no punch. We must remember that if that world across the water is to be made what it can be

under democratic forms, that it is to be led by Democracy; and, therefore, the supreme responsibility falls upon us to make this all that a Democracy can be. And if there is a bit of local pride attaching to one part of our soil, that gives emphasis to our intense attachment to this country, let it be. I do not be-

Immigrants All

HERE is our own Fourth of July celebration. We dedicate it to our fellow citizens—actual and potential—who were born abroad.

We are, all of us, immigrants or descendants of immigrants. There is a strong suspicion that the Indians even came into this fat land from Asia by way of Alaska. Seventeen million of us comprising the recent arrivals were not born in the United States. The immigrant does eighty-five per cent of our meat packing, seven-tenths of our coal mining, furnishes nine-tenths of the labor for our cotton mills. Yet eight and a half millions of them cannot read the English signs posted on factory walls to guard them against the machinery. Accident insurance companies blame a great majority of our industrial casualties on this very thing. If they cannot understand our language, how much less can we expect them to understand our laws and ideals?

The nation has at last come to appreciate the rights of the immigrant, and a government campaign is well forward to wipe out conditions that made Theodore Roosevelt compare the country to "a polyglot boarding house."—THE EDITOR.

lieve it would be a good thing to remove it.

I come from a part of this country that is supposed to be more prejudiced in favor of itself than any other section. I remember years ago hearing that the Commissioner of Fisheries wished to propagate and spread in the Atlantic waters the western crab—which is about four times the size of the Atlantic crab—and so they sent two carloads of those crabs to the Atlantic coast. They were dumped into the Atlantic at Woods' Hole, and on each crab was a little aluminum tablet saying, "When found notify Fish Commission, Washington." A year passed and no crab was found; two years passed and no crab was found.

And the third year two of those crabs were found by a Buenos Aires fisherman, who reported that they evidently were going south, bound around the Cape, returning to California.

A week or two ago I was addressing a Methodist conference in Baltimore, and I told this story to a dear old gray-headed man, seated opposite me, who was 86 years of age. He said he had been preaching there for 60 years. I said to him, "Do you come from Maryland?" He said, "Yes, sir." He said, "I come from the Eastern Shore. Have you ever been there?" I said, "No; I am sorry that I have never been on the Eastern Shore."

"Never been there?" he said. "Well, I am sorry for you. You know, we are a strange people down there—a strange people. We have some peculiar legends—some stories that have come down to us, generation after generation; and while other people may not believe them, we do. One of the stories is that when Adam and Eve were in the Garden of Eden they fell sick, and the Lord was greatly concerned about them and he called a meeting of his principal angels and consulted with them as to what to do for them by way of giving them a change of air and improving their health; and the Angel Gabriel said, 'Why not take them down to the Eastern Shore?' And the Lord answered and said,

'Oh, no; that would not be sufficient change.'

And so, as you go throughout the United States, you find men attached to different parts of our continent, making their homes in different places, and not thinking often about the great country to which they belong, excepting as it is represented by that flag; and every one of those local attachments is a valuable asset to our country, and nothing should be done to minimize them. When the boys come back from France every one of them says, "The thing I most desired while I was in France was to get home, for there I first realized how splendid and beautiful and generous and rich a country America was." We want to make these men who come to us from abroad realize what those boys realized, and we want to put inside of their spirits an appreciation of those things that are noble and fine in American law and American institutions and American life; and we want them to join with us as citizens in giving to America every good thing that comes out of every foreign country.

We are a blend in sympathies and a blend in art, a blend in literature, a blend in tendencies, and that is our hope for making this the supremely great race of the world. It is not to be done mechanically; it is not to be done scientifically; it is to be done by the human touch; by reaching some door into that strange man, with some word or some act that will show to him that there is in America the kind of sentiment and sympathy that the soul of that man is reaching out for.

This is God's own country. We want the boys to know that its sky is blue and big and broad with hope, and that its fields are green with promise, and that in every one of our hearts there is the desire that the land shall be better than it is—while we have no apologies to make for what it is.

How Could We Have a Revolution?

THIS is no land in which to spread any doctrine of revolution because we have abolished revolution. When we came here we gave over the right of revolution. You can not have revolution in a land unless you have somebody to revolt against—and whom would you revolt against in the United States? When we won our revolution 140 years ago, we then said, "We give over that inherent right of revolution because there can be no such thing as revolution against a country in which the people govern."

We have no particular social theory to advocate in Americanization; no economic system to advocate; but we can fairly and squarely demand of every man in the United States, if he is a citizen, that he shall give supreme allegiance to the flag of the United States, and swear by it—and he is not worthy to be its citizen unless it holds first place in his heart.

The best test of whether we are Americans or not will not come, nor has it come with war. It will come when we go hand in hand together, recognizing that there are defects in our land, that there are things lacking in our system; that our programs are not perfect; that our institution can be bettered. It will come when we look forward constantly by co-operation to making this a land in which there will be minimum of fear and a maximum of hope.

It's up to Congress

Measures touching every phase of our commercial life must be determined by the lawmakers who have just finished organizing for their task

CONGRESS is like the country, in being composed of an extraordinarily large number of things, and the session that opened on May 19 is no exception to the rule. The variety in its proceedings covers pretty much the whole gamut of human interest,—for the mere fact that a subject is not within the constitutional powers of Congress is no impediment to the making of long and exhaustive speeches or the introduction of a bill.

Speeches by no means make up the real proceedings of Congress, either. There may be matters of government housekeeping; for instance, the President may request permission to increase the salary of one of his stenographers. There are some "little matters of importance" that are still outstanding, as a reader of the *Congressional Record* in June, 1919, discovers when he comes across a bill for the relief of the estate of General George Washington! Besides, if any one inclines to forget that there are a multitude of committees with an eye on Washington he will have forceful reminders in days like these; for just now thousands of towns are simultaneously asking for one or more "captured German cannons or field guns with carriages and projectiles for decorative and patriotic purposes." The prowess of our army was great, but it is doubtful if there will be enough German artillery to fit out all the town parks and court-house squares. By June 5 the Senate Committee on Military Affairs was so impressed that it undertook to solve the riddle by recommending that all of the booty with decorative qualities be divided among the states in proportion as they had contributed men to the armed forces.

Programs

ON March 4 the last Congress left a number of things undone. They included appropriations for the Army, the Navy, the Railroad Administration, and the Shipping Board, as well as substantive legislation upon such questions as luxury taxes, the railroads, telegraphs, water power, coal and oil lands in the public domain, immigration, and schemes for settling men from the armed forces upon farms.

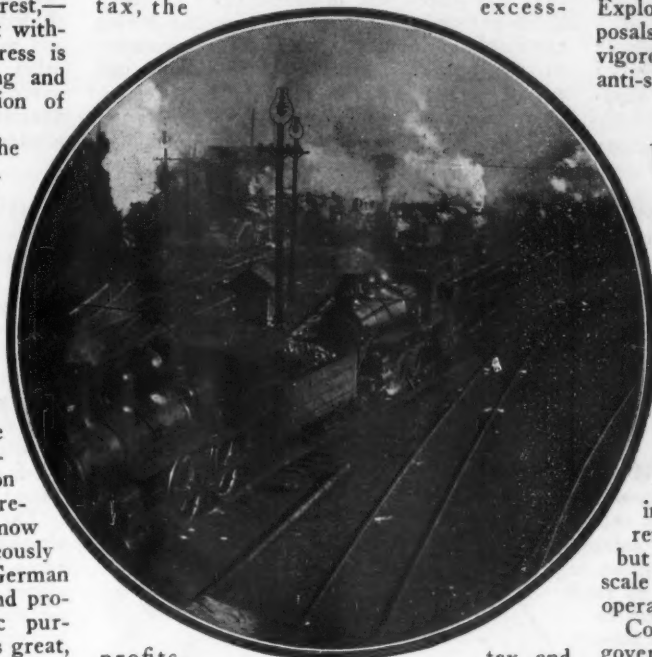
On May 20 the President told Congress he had convened it in special session to make appropriations necessary for various government departments before July 1. As for substantive legislation, he said there were several subjects pressing for consideration:

In this category he included some positive federal legislation for coordinating the agencies of conciliation and adjustment in industrial relations and for setting up new agencies of advice and information in this field.

He asked for continuation of the United States Employment Service, that it might place returned soldiers and sailors, and suggested adoption of the plan for settlement of former soldiers and sailors in colonies on the land.

Luxury taxes he wanted repealed, and at

the same time he urged early reconsideration of all federal taxes with a view to making the system simple and the taxes as little burdensome on productive resources as the necessities of revenue will permit, with the income tax, the excess-



profits-tax, and the estate taxes the mainstays of the program.

Import duties, he thought, would not need revision, because there is no serious danger of competition from abroad. At the same time, he asked special consideration for industries which would free us from too great reliance upon foreign supplies, saying that regarding these industries there were political as well as economic considerations to take into account and mentioning particularly dyestuffs and allied chemicals. In connection with import duties he wanted a weapon of retaliation to use against countries that might discriminate to our disadvantage.

Finally, he said there should be legislation with respect to telegraphs and telephones which would permit a uniform and coordinated system of communication, declared control of the railroads would cease at the end of 1919, and advocated permission for manufacture of beer and light wines after July 1.

The majority members of the House likewise tried their hand at formulating a program for the session. They set down return of telegraphs and telephones to their owners, railroad legislation and development of transportation facilities, a comprehensive program for an American merchant marine, legislation regarding coal and oil lands in the public domain, water powers, a national budget, tariff legislation, reduction and simplification in domestic taxation with immediate repeal of luxury taxes, a military policy, and the welfare of returning soldiers.

As if enough subjects had not already been suggested to keep Congress in continuous session until March 4, 1921, various officials brought forward other topics. The Secretary of Labor contributed a system of home-loan

banks, to facilitate acquisition of homes by persons in moderate circumstances, and the Fuel Administrator wanted government supervision of production of such raw materials as coal to continue into the period of peace. Explosions of bombs brought to the fore proposals to restrict immigration and to deal vigorously through the federal power with the anti-social elements in the community.

National Budget

UPON a national budget pretty nearly everyone has agreed in principle, but there is a deal of disagreement in application. The need of a rational form of comparative statement of the federal government's expected income and outgo has become so obvious it is inescapable, especially when retrenchment in expenditures revision of taxes are to the fore. Between July 1, 1918, and June 5, 1919, the grand total of the government's receipts was \$32,000,000,000 and the grand total of disbursements was \$32,160,000,000. These figures, of course, include duplications, such as the issue and retirement of certificates of indebtedness, but they nevertheless reflect the tremendous scale of the federal government's present fiscal operations.

Congress is the controlling factor in the government's financial practice. The Treasury has been inculcating thrift among the population and Congress now has some desire to take up the idea and impose thrift upon the executive department, but it remains to be seen if it has the courage of its own convictions. Resolutions have been introduced for Congressional committees to report a plan for budgetary procedure, and on June 10 the question came up of the Senate having such a committee of its own, regardless of what the House might do, and requiring it to report by September 1.

There are bills, too, which would undertake to institute a budget plan without further study. One of these would give the President a special budget bureau, where he would have the estimates of executive departments studied and correlated in order that he might prepare for each regular session of Congress a balanced statement of resources and liabilities, estimates of expenditures and revenues for the next year, and recommendations for means to make them equal. For the action of Congress upon such a budget, however, the bill makes no provision. Presumably, such concentration of authority over appropriation bills as was attained during the war—and it was incomplete—would be dropped and the estimates in the budget would be apportioned among various committees, as in the past.

This bill makes proposals that are not necessarily part of a budget procedure; for it would transfer the duties now exercised by the Comptroller of the Treasury, as a part of the executive functions of the government, of saying whether or not a particular expenditure is authorized by law, and place them in a comptroller general, appointed by the President and confirmed by the Senate, but removable by joint resolution of Congress.

On June 4 the House of Representatives set in motion its plans for investigation of expenditures of the War Department. For this purpose it authorized the Speaker to appoint a special committee of 15 members. For investigation of expenditures made by the executive departments the House has standing committees of seven members each, but this small committee assigned to the War Department is apparently daunted upon being confronted with totals that grew from \$258,000,000 in the two years before we entered war to \$16,000,000,000 for the two years after April 7, 1917.

Dividing the Work

THE committee of 15 is expected to divide itself into five subcommittees, each of which will consider expenditures under a separate head, somewhat as follows:

| | |
|---|----------------|
| Aircraft Production..... | \$ 948,000,000 |
| Ordnance | 4,323,000,000 |
| Camps, Cantonments, and Manufacturing Establishments..... | 974,000,000 |

Other possible heads are Quartermasters' Expenditures and transactions abroad.

The Committee on War Expenditures has so far devoted itself to getting together a staff of assistants and outlining the task that is before it. Later, five of its subcommittees may be holding hearings simultaneously and it may be a very busy agency of the House.

Luxury Taxes

IN May the House Committee on Ways and Means brought forward the proposal which failed on March 4, that the taxes collected from customers by retailers upon sales of such articles as carpets, valises, hats, shoes, ties, etc., when they are of such quality as to bring over a stated price, should forthwith be repealed. The plan apparently was to have the House pass a bill dealing only with these articles, let the Senate propose repeal also of other parts of the present law imposing sales taxes, and have the conferees of the House agree to the Senate's action. Thus, a broader repeal was planned than appeared on the face of the bill placed before the House.

The result in the House was not according to plan. Members wanted to make sure that other taxes would be repealed. In the debate ice cream, soft drinks, and fur coats figured equally as necessities of modern life, upon which taxes should in no case be collected. Part of the argument was that taxes on necessities should not be kept while taxes which applied only on the higher qualities of articles was removed. Even that argument involved difficulties when it was pointed out that a lumber jack's red shirt costs about as much as the fancy garment worn by the town dandy. The upshot of the debate was that the Committee on Ways and Means will see what else it would like to add to the list of articles from which the tax is to be removed.

Key Industries

BEFORE disposing finally of luxury taxes the Committee on Ways and Means on June 10 turned to another enterprise,—a decision about the industries which were found so essential during war that they should receive special protection against foreign competition, and the form this protection should take.

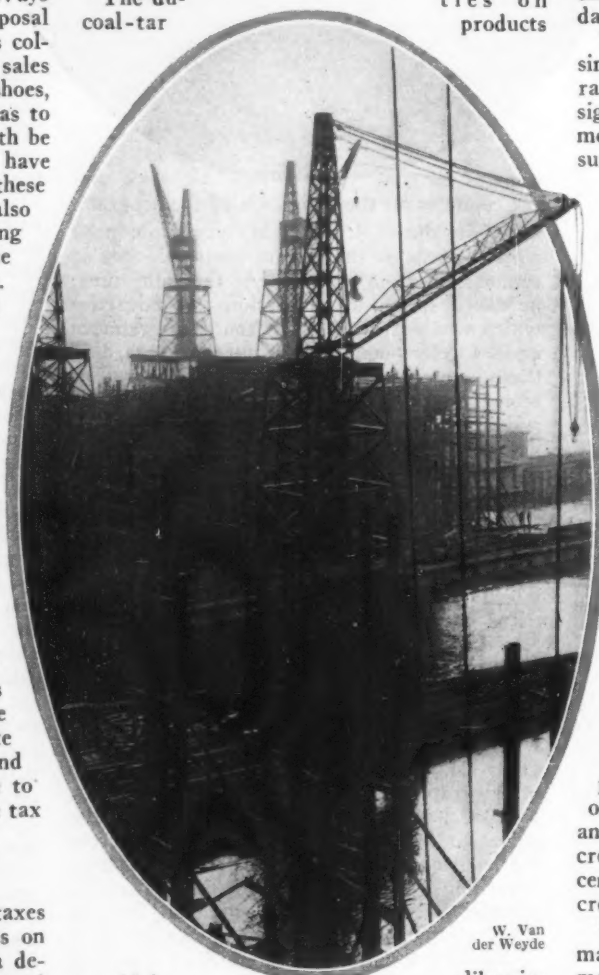
Both the use of tariff duties and a system of restriction of imports through licenses over a period of years have been brought forward

in bills. The plan for licenses is illustrated by a bill dealing with potash, which also seeks to prevent limitation on imports from being used by domestic producers as a means for obtaining unduly high prices. For five years potash could be imported only under licenses granted by the Secretary of the Interior. Each licensee would have to buy also a quantity of domestic potash bearing the same ratio to his importation as the total domestic production bears to the difference between domestic production and domestic requirements. At the same time the Secretary could license larger imports whenever, during the first two years, the domestic price exceeded \$2.50 per unit of potassium oxide, \$2 during the third year, and \$1.50 during the remainder of the period. After the five years had passed and the license system had ceased, there would be an import duty of 10 cents per unit of potassium oxide. The forms of potash ordinarily used for fertilizer are now on the free list.

Optical glass is at present on the free list. A bill before the Ways and Means Committee proposes a duty of 45 per cent. Zinc ores, magnesite, and other minerals of which we stood in great need during the war, and in the production of which we greatly increased our capacity, would be treated in the same way by other bills,—where they are on the free list having substantial duties imposed, and where they are subject now to duty having the rate increased.

The du-coal-tar

ties on products



W. Van der Weyde

would be dealt with by the adjustment of duties, according to a bill before the committee. This bill follows the recommendations made by the Tariff Commission last December, when it pointed out that the readjustment of duties attempted in 1916 needed considerable revision if the obvious purpose of

Congress was to be effective in the period after the war and evasions of the intent of the law are to be forestalled.

Tariff

REGARDING such matters the House committee began hearings on June 10. How long they will run, and what their result will be, it is too early to forecast. When the committee has disposed of these special subjects, however, it will turn to the general field of tariff duties, if it follows present plans. In that field it already has before it from the Tariff Commission a recommendation of principle,—that there should be included in our tariff system provisions which our government may use in bargaining with other countries for equal treatment and in exercising retaliation when they discriminate against our products and in favor of the products of our competitors.

Internal Taxation

THE Revenue Law of 1918 has been described by one of its draftsmen as a mixture of high rates, stern provisions to protect the Treasury, and solicitous care to prevent the imposition of undue hardships. This draftsman was not the only person who had a hand in shaping the measure. It was a joint product of many minds and many influences. This procedure and the solicitous care about hardships, according to the same draftsman, resulted in oppressive complexity, and as for the future he is pessimistic, assuming that the day of simple tax laws has probably passed.

The President, however, has suggested both simplification of provisions and reduction in rates. As for rates, the present law is designed to produce in the current twelve months the sum of \$5,788,000,000. Of that sum profits taxes are to account for 43 per cent, or \$2,500,000,000, and income taxes proper 37 per cent, or \$2,207,000,000. That makes 80 per cent from these taxes levied according to ability to pay. The proportion levied upon transportation and necessary operations of commerce and industry is 6 per cent.

What will be done about rates will probably depend somewhat upon requirements. If guesses at expenditure in the year beginning with July prove correct the bill to be met will be around \$10,000,000,000. As the law now stands, its rate on profits and its rate on income of corporations is reduced for taxes on account of 1919, payable in 1920. As so decreased, profits taxes are calculated to produce \$1,250,000,000 and income taxes \$1,800,000,000,—respectively 30 per cent and 43 per cent of the total \$4,100,000,000 under the law. The biggest reduction, of course, is in profits taxes, which become 20 per cent of the net income of corporations over the excess-profits credit and not over 20 per cent of invested capital plus 40 per cent on any higher amount, instead of 30 per cent and 65 per cent in these brackets with an increase sufficient to bring the tax up to 80 per cent of the net income over the war-profits credit.

The law of February 24, 1918, therefore made in advance somewhat the same adjustment as the modification brought about in England on April 30, when the rate of excess-profits tax was cut for the new year from 80 per cent to 40 per cent. At the same time England made no changes in its rates of income tax, which are much higher than our own on incomes up to \$150,000 and lower on larger incomes. The portion of income paid

in the two countries by a married man with no children for different incomes is:

| Income | United States | United Kingdom |
|-----------|---------------|----------------|
| \$5,000 | 3.6% | 15.00% |
| 25,000 | 14.6% | 35.75% |
| 100,000 | 35.03% | 47.19% |
| 1,000,000 | 70.30% | 52.00% |

Tax experts find fault with our rates as being possibly too lenient on smaller incomes and as probably so high on larger ones as to defeat their own purposes; for there are outstanding in the United States five or six billion

dollars worth of tax-exempt securities, into which persons with large incomes can in considerable measure transfer their investments.

England's program of taxation for this year is impressive. From income taxes it expects \$1,770,000,000, or about what our present law will produce; from the excess-profits tax it looks for \$250,000,000, or only one-fifth the amount we would collect from the corresponding source; at the same time, the British tax on excess profits is so levied that even if it were now stopped its past existence

would bring into the public treasury this year about \$1,500,000,000. From revenues England expects a total of \$5,800,000,000 this year, coming within \$1,500,000,000 of meeting its expenditures according to its budget.

Daylight Saving

DAYLIGHT saving has come in for a large amount of attention. In some ways it is badly treated. For example, when memorials are sent to the House they are
(Continued on page 60)

Too Many Friends

Things that happen to the business man when he encounters at Washington the several agencies that want to help him in the foreign trade field

By STANLEY J. QUINN

Secretary, American Manufacturers' Export Association, New York

UNTIL very recently exports occupied a subordinate part in our national activities. The problems which confronted our people and our government were problems of internal development rather than world commerce. The nation thought in terms of national boundaries, and, responsive to this national thought, the administrative departments of our government were organized to deal with domestic matters, almost to the exclusion of anything else. Matters affecting foreign trade were assigned to various departments primarily created for other purposes, and these departments in turn created subordinate bureaus or divisions which grew up independent of one another.

This was strikingly illustrated when, in order to exercise war control over the nation's exports, the government was forced to create new and independent departments. There was in existence no one department which had the power and the authority to take this entire matter in charge.

At the very outset let me make clear that nothing I may say in this connection is to be construed as a reflection upon the value or efficiency of the men who have charge of our export agencies in Washington. As a matter of fact, the exporters of the country have been fortunate in having, both in the Bureau of Foreign and Domestic Commerce and in the Trade Divisions of the State Department, men who were sincerely devoted to the development of our foreign trade, and who, in spite of various handicaps, have accomplished greater results than the country had any right to expect. The difficulties which have arisen have not been the fault of individuals. They have been due to defective organization.

As a nation, we have been content to use for our export trade governmental machinery which was created for quite another purpose. If, ten years ago, the country had taken the same alert and intelligent interest in foreign trade that is now being evidenced throughout the country, we would have by this time proper machinery in Washington for handling whatever export matters might arise with authority and dispatch. Instead, we now have the control of our exports dissipated among a number of departments working independently of each other and responsible for results neither to the government nor to the exporter.

At present it requires a liberal education in the niceties of export procedure at Washington to understand what department is the proper source of information on a particular subject, and not even the most liberal educa-

tion enables the exporter to determine which department is correct in its forecast of export policies when, as sometimes happens, the departments themselves disagree.

Less than a month ago a man entered the office of the American Manufacturers' Export Association in Washington and with fire in his eye demanded whether it was true that the Federal Trade Commission was the only government agency which handled export matters. He was informed that, quite to the contrary, there were more than fifteen separate departments, commissions, boards and bureaus which, directly or indirectly, supplied information or exercised control over some particular phase of foreign trade.

The Unrelated Fifteen

IN the Department of Commerce we have the Bureau of Foreign and Domestic Commerce and a separate and distinct Bureau of Navigation.

In the State Department we have the office of the Foreign Trade Advisor and the Consular Bureau.

In the Department of Agriculture we have a Bureau of Markets, which issues and is now further organizing to issue regular reports on foreign markets for raw materials.

In the Department of the Interior the Bureau of Mines collects statistics on the foreign production of coal, ore, etc., and also acts in an advisory capacity in export matters relating to these subjects.

In the Treasury Department we have a War Finance Corporation, which, like the Shipping Board and the Railroad Administration, properly concerns itself with exports in a very large way.

The Federal Trade Commission has in its charge the administration of the Webb-Pomerene Act and from time to time publishes reports on export opportunities.

In addition to the agencies already mentioned, we have the War Trade Board, the Tariff Commission and the Council of National Defense taking up export matters, to say nothing of the Geological Survey of the Department of the Interior, which occasionally advises on such matters as the exports or imports of potash.

Yet with all these avenues of information there is no one single place in Washington to which the exporter may apply with the certainty that he can secure all the information which he needs and which may be available in one or the other of the government departments.

This condition has already been recognized by the government itself through the recent creation of an Interdepartmental Trade Committee consisting of representatives from the various departments. This committee, however, is merely advisory or supervisory in its functions and exercises no real authority except in the matter of securing agreement upon policies. It does not come directly in contact at any point with the private exporter.

There is no need to dwell here on what this scattering of export authority means to the individual exporter. He has many friends at court, but no one friend strong enough to fight his battles.

There are many who do not understand the particular facilities of each different export agency in Washington, and for that reason are not availing themselves of the full assistance which, even under present conditions, these agencies afford. More important than our present difficulties, however, is the prospect which is looming ahead of further decentralization, greater reduplication of effort and the consequent failure to secure the full benefit of government assistance, in the new era of export development which now awaits this country.

The new interest which the business men of America are taking in foreign trade is now having its effect in Washington. Each department is properly desirous of affording the maximum service to the business men of the country with the result that all are laying plans for increasing their facilities without regard for the fact that other departments are already performing identical functions.

We urgently need at this time some central export authority in Washington which can supply necessary information promptly and fully, which can advise the exporter upon the proper line to follow, and quickly respond to a request for assistance in any matter affecting the nation's export trade. Instead, we are forced to depend upon the single efforts of separate departments, none of which have any power outside of their particular circumscribed sphere.

If England with her vast experience in export trade found it necessary to create a separate Department of Overseas Trade which could co-ordinate the functions of various government departments under one central export authority, how much more important it is that the exporters of this country, most of whom are only beginners in foreign trade, should have some strong centralized government authority with full power to assist in the nation's export development.

Dakar Awaits Her Destiny

The nations of Europe center their interest upon a drowsy little tropical port which nature made the key of a faster route to the riches of South America

By GEORGE T. BYE

London Representative of The Nation's Business

FOR centuries the culture and riches of the world centered in the land where the continents of Europe, Asia and Africa touched fingers. Asia Minor drew vast riches from the commerce that passed along its trade trails. Slow caravans wound their way from India and China with bales of silks, dyestuffs, spices, perfumes and precious stones for the great nobles of Europe.

This part of the world is now backward and impoverished. The palaces of its traders and the temples of its people have tumbled in upon themselves to form lairs for jackals.

What turned these gaudy cities back to the desert? It was largely the fault of Portuguese explorers who dared the mysterious waters beyond Cape Verde and discovered that around the southern toe of Africa there lay a sea route to India. Thereafter the treasures of the Orient could be brought to Europe in greater quantities and more cheaply. The imports from the East come by sea rather than by land.

Wind obliterated the ancient caravan routes and filled the wells of the oases with sand. Asia Minor sank back into a heavy commercial lethargy from which it has never roused itself.

The accidents of geography and trade routes heaped wealth upon these lands—and took it away. The latest candidate for honors of this sort is Dakar.

It might be a good tip for an enterprising real estate concern to search out the place on the map, buy up the adjacent jungle and launch an intensive boosting campaign. For Dakar has great expectations. And lest you take them too lightly, it may be stated that the facts presented herewith have been carefully checked up by the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce.

Hear, then, the story of Dakar:

THE insignificant port of Dakar is on Cape Verde in Senegal, French West Africa. Dakar is comparatively unimportant. Its contiguous area, generally speaking, is neither highly developed nor colonized. Nor is Dakar at all ambitious. It would be content to drowse under the near-equatorial sun,

lazily grateful for the divertisement offered when the lapping Atlantic washes in an infrequent ship.

In spite of itself Dakar may be of colossal importance as a shipping center within the next few years. It may even become the busiest port in the world. Engineers are considering the construction of docking facilities of unexampled extent at this point.

Yet Dakar drowns on, with a smile on its face. What will come, will come. Nobody may rob Dakar of its prospect. Its position is sure, unalterable, inevitable. The good God is responsible for Dakar's position. When moulding the world He fashioned a bulging left shoulder for Africa, on the tip end of which is the favorable location of Dakar. His next favor was to push up the right shoulder of South America nearer Dakar than any other continental spot.

From Dakar to Pernambuco, Brazil, is the narrow waistline of the Atlantic. It is a distance a little less than half as great as from New York to Pernambuco. A sea route from New York to New Orleans is but a little shorter than from Dakar to Pernambuco. Coupling this geographical fact with the intensification of interest in the much-discussed Spanish-German-French-British-American projects to connect Dakar with Europe and Asia by a through railway running under the Strait of Gibraltar in a tunnel we come to realize why the little Cape Verde port drowns lazily in the sun with the smile of dreams on its face.

To reach at once the top degree of our small fever of jingoism—we burn with the realization that Dakar is the key-hole through which Europe is greedily peering at the rich, amiable nations of Latin America! If the key is provided Europe may open the door to the short passage to the place of plenty. South

America, dreading an unalcoholic America, will do its visiting in the mother countries of Europe! "Trade follows traffic." Cultural influence is in the van. Mr. Monroe will be laid away in oblivion! The United States will lose its ties of political and commercial affinity with its great neighbors to the south! The brotherhood of a hemisphere will be broken up by inter-continental attachments! Puff—the Pan-American Union.

While our temperature still rages at its highest, let us examine our official data and a world map and discover the measure of magnetic power of Dakar to draw South America to its closest opposite. Here are some Observations:

Dakar to Pernambuco, 1,715 Nautical miles. New York to Pernambuco, 3,678 Nautical miles. Pernambuco to Rio Janeiro, 1,072 Nautical miles. Pernambuco to Buenos

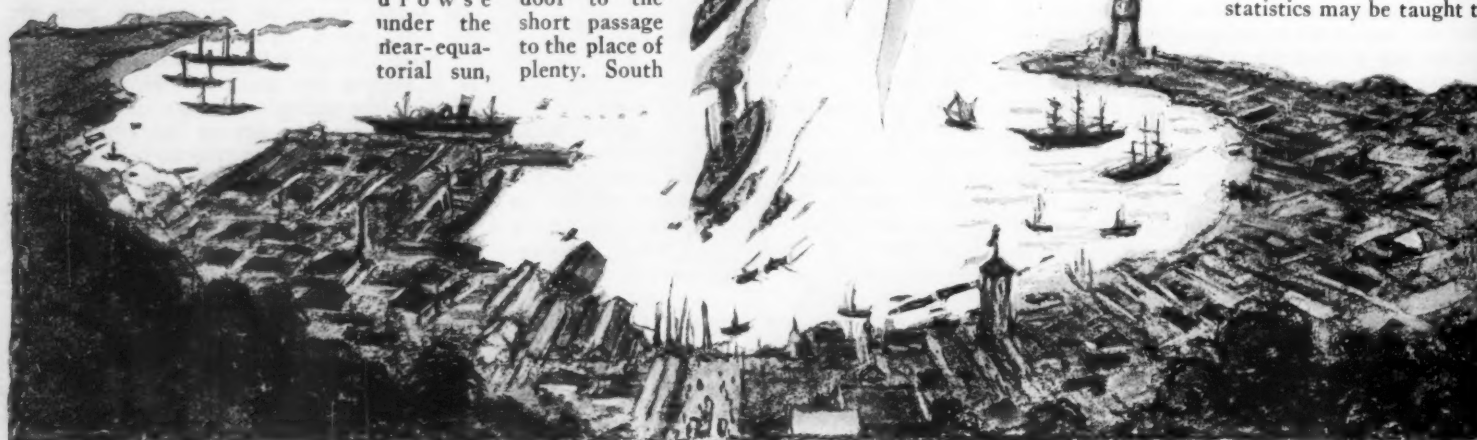
Aires, 2,207 Nautical miles. Dakar (by

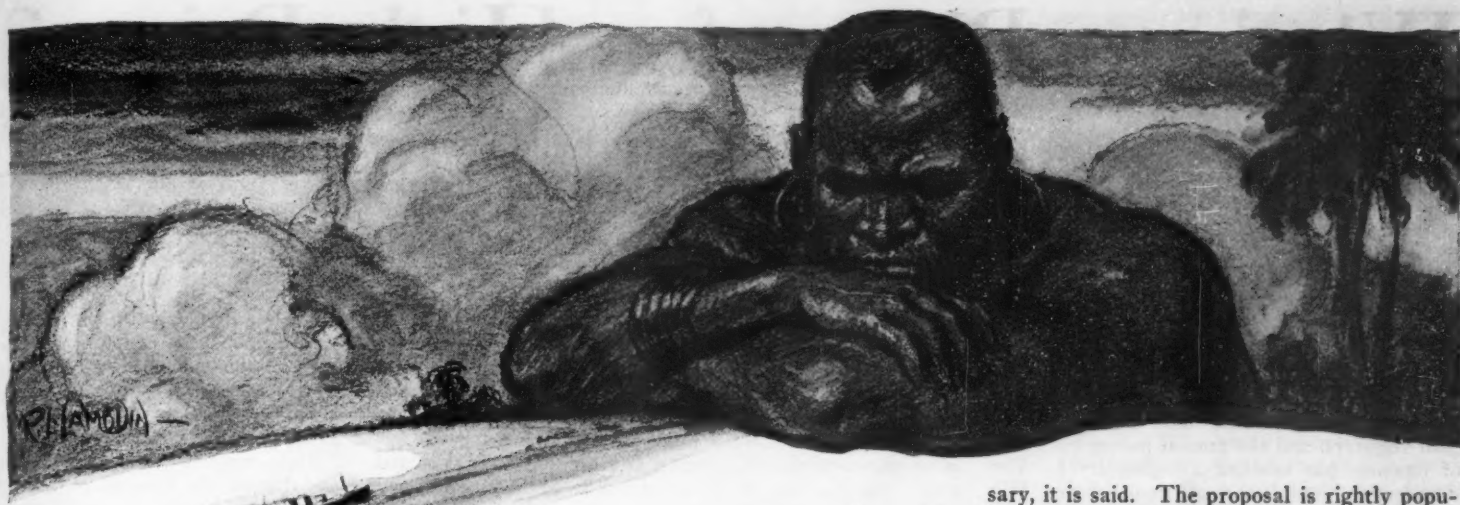
land) to Ceuta or Tangier, 1,560 Nautical miles. Shortest traffic route across Strait of Gibraltar by railway ferry, or under it by tunnel, 12 Nautical miles. Tarifa,

the Spanish mainland terminus of the tunnel or ferry, to Paris, 1,140 Nautical miles. Paris to Dakar, 2,712 Nautical miles; to Pernambuco, 4,327 Nautical miles. Bordeaux to Dakar by sea, 7 days; by rail, 3 days.

Paris, by rail via Dakar and by express steamship to Rio Janeiro, between 7 and 8 days; to Buenos Aires, 10 days; to Santiago and Valparaiso, 12 days; New York to Rio Janeiro, 17 days.

For all I know these statistics may be taught to





European school children. As handwrit-

ing on the wall they have been almost as luridly colored as "Deutschland ueber Alles." In fact, the project in its wicked

aspect was known to be in the Hohenzollern mind. Washington has not been ignorant of the menace. At the time of the Morocco incident President Roosevelt justified his intervention in European politics by his knowledge of the intrigues of Germany to secure a coaling station on the Atlantic coast of Northwest Africa as a stepping-stone to South America.

So far as is publicly known the Gibraltar tunnel was first honestly conceived as a humanitarian exploit by Don Andros Comerma, a Spanish general of engineers, who submitted a report to his government on the construction of a tunnel under the Strait, connecting Tarifa with Ceuta, 19 kilometers long, to cost \$60,000,000 and to require 10 years for the completion. "The report," says an official document before me, "received the warm praise of the leading Spanish statesmen of the day. This was the inception and basis of the Teutonic scheme of strategic attack on South America. It helps to explain, in part, the intense interest of the kaiser toward Morocco—the key, or advance post. France and Britain, later on, became interested in the project as the most feasible one for the rapid development of their African possessions and South American trade. The strategic scheme became a commercial program."

Even during the war the project, in optimistic moments, received further consideration. In April, 1918, at the annual meeting of the French Society of Civil Engineers, M. Bressler was applauded for a paper on the direct railway from Paris to Dakar that took up the engineering details of the boring of the Gibraltar tunnel and the creation of great modern port works at Dakar for the development of South American trade. Some of the figures I have cited are from M. Bressler's paper. He estimated that the passage under the Strait could be run in 20 minutes. Going into the costs of the Arlberg, Simplon and Gothard tunnels under the Alps, averaging 4,415 francs per lineal meter, M. Bressler estimated the cost of the submarine tunnel at 10,000 francs per lineal meter. As the narrowest width of the Strait for tunneling purpose is 19 kilometers, this would call for an expenditure of 190,000,000 francs, or approximately \$38,000,000. An analysis of M. Bressler's figures has made other experts put

the total cost at nearer \$75,000,000 because of the great depth of the Strait and the necessarily long approaches. Two weeks after the reading of M. Bressler's paper, the Orleans Railway Company, whose lines are in the southwest quarter of France, petitioned the French Minister of Public Works for the right to construct and exploit a through route from Paris to Dakar.

So much at this moment for the hope of Europe. The vexation is that there are too many trying to peek through the Dakar key-hole. Berlin, Brussels, Rome, Madrid, Paris or London have to reckon with the alternating zones of French and Spanish sovereignty. The Rock of Gibraltar looms up in the Strait. Around Tangier is an international zone to which the United States, one of the joint overseers, will undoubtedly want the A. B. C. powers of South America added as vitally interested parties. This would extend the complexity. To traverse the proposed right-of-way again: the line would run for 1,050 miles through French West African possessions variously split up by 750 miles through the Spanish Sahara, the Spanish colony of Rio de Oro and Spanish zone in Morocco, finally reaching the Spanish African terminal of Ceuta or Tangier under the jurisdiction of powers signatory to the Algeciras convention, then the tunnel under the international Strait dominated by British Gibraltar and the run through the entire north and south length of Spain.

Spain Has First Say

SPAIN therefore holds the whip-hand in the enterprise. At the present hour she is whipping its promotion to a conclusion. Dating back to the time the Orleans Railway asked the French government for the Dakar railway concession, the King of Spain by Royal Decree appointed Colonel Rubic Belivé of the Engineers Corps of the Spanish Army to draw up plans and estimates for the Gibraltar tunnel to be completed within five years. Germany, whose propaganda efforts in Spain exceeded those of all the Allied Powers combined, and whose prospects of ultimate victory were brightened at the time by the approach to Amiens and Paris, cheered Spain and promised co-operation. That was in 1918.

Today, 1919, the project to build a double-track railway from the French frontier to Tarifa or Algeciras has passed the Spanish Senate and may have passed the House before this gets into print. The project has the full approval of the King and his Ministers and could be ordered by Royal Decree with the suspension of the Spanish Congress. Madrid banks will subscribe the \$160,000,000 neces-

sary, it is said. The proposal is rightly popular among the people for it has the patriotic purpose of inviting the Spanish daughter states of South America to the arms of the Motherland.

So I learn from the document before me, to which I have referred before. This document may or may not have been read to the Peace Conference. At any rate it is in the hands of the American Commission in Paris. In brief, it recommends that the Moroccan international zone be not abolished but made permanent with more members among the mandatories including, of course, Argentina, Brazil and Chile. The legitimacy of the Dakar-Gibraltar project as a commercial scheme is fully admitted. The international zone would emasculate its militarily strategic nature.

I have said that Spain, prosperous in her late neutrality, hopes to finance the first part of the project alone, but she would have to depend upon foreign technical skill, as Spanish engineers have not reached a stage of experience and efficiency to qualify them for so vast an undertaking. Conde de Romanones, former head of the government and one of Spain's political powers, is said to be inclined to entrust the direction of the great enterprise to American engineers, "feeling certain that the work would be honestly, efficiently, economically and expeditiously carried to completion." Spanish and American manufacturers, under such an arrangement, would supply the equipment. The indications are that with the future boring of the tunnel, capital from North and South America, France and Great Britain would be asked for by the Spanish government.

However, as Great Britain and France may be heavily occupied in the near future with the building of the Dover-Calais tunnel (opening another terminal to the Dakar railway) Spain would rely largely upon the United States and the A. B. C. powers for financial support. It would seem logical that she would have their political support, too, as the controlling factor in the Dakar-Gibraltar railway and tunnel because of her territorial rights and her unique relationship with South America. France, however, is warm with enthusiasm to manage the enterprise. It is from Dakar to Pernambuco that the French aspirants to honors in the trans-Atlantic flights hope to cross without a stop.

Add to the vexation of European expansionists in the crowd of key-hole peepers at Dakar the following queries:

Will the saving of a few days' travel attract South American tourists to Europe rather than to the United States when at least three of the days must be by rail across the hot African desert?

(Concluded on page 82)

Who's to Blame for High Prices?

The adventures of the man who wanted to build a house and who set out to track down the cause of the fifty per cent shrinkage in money

By HOMER HOYT

PEOPLE are beginning to notice that money is more plentiful than it was before the war. We carry more bills in our pockets and write checks for larger sums. Storekeepers find more money in their cash registers, and the annual money turnover of business has reached a higher level. Yet we seem to be no better off than before. We receive more money, but we also spend more money. The statistics of the Bureau of Labor show that the average price of all commodities has a little more than doubled since 1915. That means that the 1919 dollar is equal in purchasing power to the 1915 half-dollar and that even if we kept a tight grip on every dollar we owned in 1915 nevertheless half of the value of our pre-war dollars has slipped through our fingers. We have gradually moved into a higher altitude of prices.

Although the general altitude is higher, there are differences pretty much as in mountain peaks. In fact, all sorts of peaks in prices have been thrust up. A man with a salary may find that, without an increase, he faces some Jungfraus that daunt him, and the man whose wages have been raised has not yet got his bearings among the new order of things. So it happens that pretty nearly every one looks upon all the rest of the fellows with a suspicion of profiteering. This is a situation that is inevitable when an equilibrium that was a product of years of adjustment in everything from beans to automobiles, office buildings, and railroads, has been disrupted and the new equilibrium has not been attained.

The Dwindling Dollar

THE average man cannot comprehend this mysterious shrinkage in the dollar. When he got more dollars into his pocket he naturally supposed that he was more prosperous for was not the dollar the measuring stick of wealth? Many of us have regarded our increased wages as merely a recognition of our inherent worth, while we have looked upon increased prices as evidence of the conspiracy of a few profiteers against all mankind. So when the prospective home-builder is told by the contractor that a six-room house today will cost 50 or 60 per cent more dollars than the same house in 1915 our average citizen is amazed and he usually forms the conclusion that the market for building materials has been temporarily cornered and that he will postpone his building until the bubble is pricked.

Take a typical case. We will call it that of Henry White. Henry White belonged to the American tribe of flat-dwellers, but his growing pile of rent receipts finally prompted him to promise his wife and youngsters to have a six-room bungalow built on his vacant lot in the suburbs. It was in 1915 when he first called in a contractor for an estimate of the cost. The specifications included everything from cellar to garret and called for a completed house down to the latch key. The whole cost including the wages of carpenters, masons and electricians had amounted to just \$2500. Henry had almost \$2500 in the bank but he put it off until next year, and next year

Henry hesitated again, and the next year after that America went to war. So Henry never built his house on the old pre-war level of prices. But when it was all over over there, Henry came back to his family in the big city. To his new out-of-door mind the old apartment appeared more cramped and dingy than ever. He dug up the plans of the bungalow with great eagerness, and fairly ran to the contractor's office. He could hardly wait to tell the contractor that he wanted the house right away, and that he had the \$2500 saved up to pay for it.

But the contractor stopped and began to make some calculations.

"That house will cost you \$4000 now," he announced.

Henry White started up. Here apparently was another case of profiteering. He had thought the French had raised their prices when the American soldiers came, but the folks at home were up to the same game too.

"Why its the same house you offered to build for \$2500 before the war. This is highway rob—"

And He Passed the Buck

IT'S not my fault," interrupted the contractor, "my materials have all gone up. I'm paying \$3.85 a barrel for cement where I paid \$1.40 on that 1915 bid; my brick is costing me today \$18 or \$19 a thousand when it was worth only \$6 a thousand three years ago. And labor—let me tell you something. Ordinary common labor is now gettin' \$4 and \$5 a day, the same kind we used to pay \$2 a day for. Carpenters draw down \$7 a day now and bricklayers get the same money, instead of the \$4 or \$5 that used to satisfy 'em. What's more, the men we get today are not like they used to be either. We don't get the pick of the carpenters. We have to take what we can get, and if they stop to roll cigarettes or come half an hour late, we have to put up with it or they leave us."

Henry could find no flaw in the contractor's logic but he was not satisfied. He resolved to follow the trail of costs back to the manufacturers of building materials. He first visited the local brick maker. The brick man did not hesitate a moment in passing the buck.

"Labor," he said, "is the chief cause of higher brick prices. Two-thirds of my costs are paid out in wages and today my labor cost per thousand brick is just twice what it was in 1915. Then, too, my coal bill has jumped. The slack coal which I bought in 1915 for \$2.25 a ton was better than the kind I get now for \$4.60 a ton. Last year was the poorest year I ever had and unless labor comes down or brick prices go up, you won't get any more brick from this plant for my business will soon be killed."

When the brick man showed Henry his books and pointed to a return of less than 2 per cent on his investment, Henry thought the brick man deserved a public vote of thanks for helping the poor home-builder.

With visions of a lumber trust in his mind, Henry next halted before the door of the retail lumber dealer. The lumber man greeted

him with the news that the lumber prices which had been ruinously low for years because of the cutthroat competition between lumbermen would never be so low again because lumber was getting scarcer every year and the cost of sawing timber had jumped skyward. "High wages," said he, "high stumpage costs due to the scarcity of timber and that 25 per cent advance in freight rates have simply taken all the profits out of lumbering. The Government fixed lumber prices and held them down during the war, while our costs were shooting upward. Lumber men have made their sacrifice for the war but they can't keep on sacrificing lumber at less than cost."

After consoling the dealer for the plight of the lumber business, Mr. White started toward the neighboring cement mill. The cement manufacturer shifted the responsibility as quickly as the other producers.

"One third of my cost is labor and another one third is fuel, and both have doubled on me in the last two years. Then Secretary McAdoo put the freight rates on us last June and cut off some of my customers up state. I am running at half capacity now and overhead charges of course doubled on every barrel of cement. They talk of high cement prices and high cement profits. Why, we made two or three times as much money back in 1916 when prices were half what they are now."

Henry felt sorry for the poor cement manufacturer, but he thought he would make one more attempt at finding the nigger in the woodpile. So he stopped at the local hardware store. He found that the prices of everything from nails to doorknobs had responded to the call of the higher price level. Paint prices had more than doubled, due it was said to the rising price of linseed oil. Window glass, building paper, bathtubs and fixtures had all been marked up about 100 per cent in price. High wages and the high cost of materials that was caused by high wages were blamed by the hardware man for the increased prices.

The Villain Still Eludes Him

AHA," cried Henry, forgetting for a moment that he was a laboring man himself, "labor is the villain in this melodrama of high prices." He hurried home to write out a denunciation of the tyrannical trade union. He met his wife coming out with a market basket.

"Henry," she said, "hurry up and get your old job back. Your pre-war dollar is only worth about 50 cents today. Prices have gone up something scandalous. The milkman said the price would go up to 17 cents a quart next week. Think of the time when milk was 8 cents just three years ago. Sugar is 10 cents a pound now, it seems ages since the days of 5 cent sugar but it was only back there in 1915. The old affinities, ham and eggs, have gone up in price together. Today ham is 41 cents a pound, and eggs 60 cents a dozen. You remember the good old days of 1915 when 20 cents a dozen for eggs and 20 cents a pound for ham were the ruling prices. Lard has

doubled since the war, and round steak is 46 cents a pound instead of 23 cents.

"We have to pay two prices for flour and corn meal. Hens have flown from 20 cents a pound to 39 cents; even fish has jumped upward, and the salty mackerel is three times as expensive as formerly. And we can't save by turning vegetarians for the lordly Army Bean is two or three times as dear as in the days before the war; my grocer says he pays three times as much for his canned tomatoes as he used to, and twice as much for his canned peas and corn. A nut diet, you say? Well do you know that the prices of walnuts, yes and even the prices of the lowly peanut, have doubled in the last three years."

Henry began to revise his opinion about the laboring man. He thought of the \$12 shoes that were no better than the ones he paid \$6 for in the pre-war days, and he remembered that when he ordered his "civies" from the tailor the price had been \$50 for a suit that was no better than the old \$25 kind he used to buy. Yes the laboring man certainly needed all he received and more; his dollar had shrunk to half its former size and he would need to get twice as many in his pay envelope to maintain his 1915 standard of living in the year 1919.

Henry had traced the high cost of building to the high cost of labor and materials; he had traced the high cost of materials to the high wages of labor, and he had finally discovered that the high wages of labor were the result of the high cost of food and clothing. The tailor, the packer and the farmer were left. One of these must be the guilty party.

But as Henry opened the evening paper he found a justification for the packer and the tailor. Under the advertising caption, "Why Beefsteak is High" he read the Bureau of Labor statistics showing that the prices of live cattle, hogs and sheep had doubled thereby forcing up the price of dressed meat, and in a clothing advertisement he read the story of the rise of cotton, and the doubling of the value of raw silk and New Zealand wool. The farmer seemed to be convicted by a process of elimination. Just then Henry observed an unopened letter from his cousin out in Iowa. A paragraph in it caught his eye.

"My hired help is asking \$90 a month and board and I reckon I'll have to pay it to save my crop. While you fellers in the factories are drawing \$10 a day; and while you're going to your theatres and your fancy balls, your cousin is out here working 14 hours a day to pay off the mortgage. Wages! We aren't making wages; we're just earning the rent on the farm and keeping the place up. If it weren't for the increase in farm values, I wouldn't have nothin' to show for my last five years' work.

"And some people think the farmer caused all these high prices. Why the Government has held our prices down, but they let our costs go where they please. They kept the price of wheat from advancing as fast as our

hired help boosted wages, but the Government never kept the implement dealer from putting up the price of plows to his own figure. If this keeps up, your cousin is going to turn this farm to grass, and look for one of these paying office jobs."

"Ho, hum," said the perplexed Mr. White, "I guess high prices are like the weather; there's no one to blame for them. They are just with us and will probably stay with us.

The Disappearing Dollar

DEEP and very strange are the laws that encompass the business world. Take the mysterious case of money. We are now in possession of the fifty-cent dollar—for that coin will buy just half of what it bought in 1915. The result?

Widows living on the incomes of bonds and annuities that were sufficient in 1915 have been forced to apply for charity. You have lost just half the money you have kept in the bank from 1915 to the present. Great fortunes invested in bonds have shrunk to half their real value, though their figures remain the same. If you take out life insurance today you must make it twice as much as in 1915 to give your widow the same amount of real income.

Just what has happened, and what is going to happen? The answers are presented here by Mr. Hoyt for the readers of THE NATION'S BUSINESS. He is able to speak with authority from the fact that he is an economist who has just completed a study of building material costs for the government. This was part of an analysis of prices of all commodities during the war period. It has recently been completed under the direction of Dr. W. C. Mitchell, of the Price Section of the War Trade Board. They cover fifty classes of commodities and will soon be published.—The Editor.



First roads, then the creation of wealth. The same agency has transformed arid deserts and limitless stretches of wastes in our southwest into fertile fields and thriving cities. It took the unerring vision of a Hill and a Harriman to see the unlimited potential wealth of those great areas if pieced by lines of transportation.

In the same way, by laying tracks of steel across the continent, we can pierce those still partially developed sections of our country and release potential wealth beyond the ken of man.

During the war it was my privilege to have something to do with the movement of rural motor express routes. Out of that activity resulted many astounding facts. We found that it was possible to secure contracts from merchants and manufacturers in St. Louis and at Alton, Illinois, covering a period of five years' duration for the movement of goods amounting to from 75 to 100 carloads of freight per month, if we could guarantee uninterrupted service.

Indeed one of our small transportation companies did secure several contracts and put on several motor trucks. I counseled him not to do this, because I did not believe it could be done with profit over the road between these points, and I am sorry to say that the other day he was compelled to go into bankruptcy because of failure to operate at a profit.

Now the reason was not because there was not enough to transport. He had been assured of that. But, owing to the fact that a stretch of road ten miles in length at times became impassable, he could not fulfill the contracts into which he had entered.

Recently a gentleman, who lives at Harrisburg, Ill., a distance of 150 miles from St. Louis, called on me. He is in the local transfer business and has met with a good measure of success. He is very much interested in the road question. He said that when the roads from his town to St. Louis were completed, as he believes they will be within the next year or so, he will be able to run a fleet of motor trucks to St. Louis with full loads both ways. He has been making a study of this, and is convinced of its practicability.

The other day I heard a gentleman make the statement that the government had established our farm loan banks throughout the country for the purpose of encouraging the farmer to speed up production. Would it not have been wiser to have provided the transportation ahead of the production? No matter how much farm production is augmented, proper distribution cannot take place unless the facilities are adequate.

We are facing a new era of road building in this country, the greatest in the history of the world. That work must be comprehensive in all its aspects. A great many of our states have passed legislation that must result in splendid systems. And it is our hope that they may be co-ordinated and finally become one great system.

Commerce Follows the Milestone

By C. E. LIGHTFOOT

General Motors Truck Co., St. Louis

NO system of highways has ever been built except from necessity. After their construction wealth, throughout all history, has flowed down through them as a matter of course. Wealth materialized because methods for transporting products were provided. Thereafter the whole country contiguous to those lines of transportation began to thrive and prosper.

This was true of our great northeast.

The Law Between Friends

Ignorance is the principal cause of bad commercial morals; read here the story of a government bureau that would rather teach than prosecute

By AARON HARDY ULM

WH-I-Z-Z! C-r-a-s-h!

The component parts of the catastrophe—a harbinger of summer—were a baseball, a glass window, and a gang of boys in a busy thoroughfare. And, of course, a cop for the climax.

"Bad work!" exclaimed the policeman, looming before the boys. "The kid who did that needs practice. Why, when I—but this crowded street ain't no place for anybody to learn how to play real ball."

"Come!" he went on, placing a beefy paw on the shoulder of the worst scared boy in the crowd, the one he felt sure was directly responsible for the disaster. "I know of a vacant lot over beyond the avenue, and I believe I can fix it up with the owner for you fellows to play ball there all you want to. And I'll do it provided you promise to quit playing ball in the streets. I'll drop around and umpire for you and show you some fine points of the game. I used to be the best short-stop in the second ward. Do you promise?"

They did. They would have promised the earth and all that's in it. For they saw that the officer was their friend and could adjust their needs, impulses and energetic demands to the law.

That idea of linking friendship to the enforcement of laws bearing on the conduct of boys was first visualized on a big scale, I believe, by Colonel Arthur Woods, some time police commissioner for New York City. It represents a conception of law appliance that has long been in vogue, and is being employed on a growing scale, by officials of scientific training charged with administering statutes having to do with trade and industry.

A Police Paradox

THE United States Bureau of Chemistry, for example, is perhaps the biggest and most paradoxical policeman in the world; its right hand, so to speak, is armed with a club; its left hand with a tract. It patrols the food and drugs trades to see that they deal squarely with the public. At the same time, it endeavors to show those trades how to deal fairly with the public and profit by doing so.

When Congress directed it to look after the enforcement of the Federal Food and Drugs Act, one of the first things the Bureau gave attention to was the American sardine of the canned variety.

You remember them—the heavily wrought five-centers filled with something that was camouflaged with mustard and eaten, when at all, with more faith than gusto.

Most of them hailed from Maine. The packers there, demoralized by slashing competition, seemed to be engaged largely in operations against each other's commercial throats. Few of them were giving thought to the public's stomach.

"Clean up your industry, improve your standards and live up to them," said the Bureau officials when the packers wailed about the ruin continued condemnation of goods would cause them.

"Our authority has to do only with your product after it enters inter-state commerce,"

the experts went on to say. "But we know how you are handling your material and conducting your factories."

"Do you mean to say the Government is spying on us?" a packer asked.

"Not at all; we can inspect your factories right here in our Washington laboratory. That microscope over there will tell us the story more accurately than would a personal examination of your plants."

A look through the high-powered instrument showed them the inescapable tell-tales of sanitation, such as mould and bacteria, whose stories a trained food chemist can read more accurately than print.

"For us to condemn and destroy your product after you have spent money getting it out, at best is only a negative service," the Bureau officials went on to say. "It adds nothing to the food supply; it puts no dollars in anybody's pocket. Instead of destroying your goods or prosecuting you we'd much rather show you how not to violate the law and help you conform to its requirements."

They Saw the Light

THE packers saw a great light. Why not turn the Government's scientific facilities from the work of finding why their product should be condemned to showing them how to make it square with the law? A Bureau of Chemistry specialist went to work with them for the purpose of showing them how to be law-abiding and money-making packers at the same time.

In fact, the law and the Government's mode of enforcement caused the sardine packers to stop their trade feuds. Instead, they got together, first for squaring their practices with the law and next for constructive co-operation.

A self-imposed inspection service was installed to see that all in the organized industry observed the standards agreed upon at the suggestion of the Bureau of Chemistry. Since that time the American sardine has won such proud repute that informed epicureans usually prefer it to its imported cousin.

Similar standards and methods have governed the lately developed sardine industry of California.

Like causes led to like effects in the fruit and vegetable, and the tuna canning industries of California. Quite recently the salmon canners of the Northwest have entered into a similar arrangement for mutual help and improvement.

The inspection services are handled through the National Canners' Association, the cost being collected by the can manufacturers, who add the agreed on fees to their bills.

Goods so inspected bear the guarantees of all getting the service.

"I don't believe you could sell to a Los Angeles retailer a case of canned fruits which didn't carry the certificate of our association's inspectors," declared a Southern California fruit packer recently. "Therefore, no canner dares lose the service, which he would do if he failed to live up to the standards agreed upon."

Those self-imposed inspection services grew

out of the Government's policy of encouraging the food and drugs trade to do their own law-enforcing, which is the highest quality of self-government. The policy does more than facilitate the enforcement of law; it tends to raise standards even to a higher point than the law requires, and works toward bringing about within the trades a co-ordination of enterprise that raises the ethics, the tone and the spirit of industry in all directions.

It might be said that the Bureau of Chemistry is one-half philanthropist and one-half blue-coat. Its funds are about evenly divided between research and regulation. Practice brings about a more uneven division in favor of research; for a great deal of the energy aimed directly at catching and punishing violations of the Food and Drugs Act is devoted to preventing offenses by developing and propagating the "know how" and the "know how not to." Its efforts in that direction have so often led to constructive discoveries transcending the statutes that several of the industries have or are planning to enter into pleasant competition with the Government.

Already the National Canners' Association maintains in Washington a big research laboratory, directed by a former assistant chief of the United States Bureau of Chemistry.

"Ninety-nine per cent of the offenses against the Food and Drugs Act are not such as, under the ethics of old, would have been considered inherently criminal," says Dr. Carl L. Alsberg, Chief of the Bureau. "That is to say, they do not consist of acts in themselves harmful in the sense of endangering the public health. Most of them, perhaps, comprise misbranding and deceptive labeling. Usually the article put out is of itself all right and unobjectionable, the offense consisting of putting it out as something it is not. The prevention of such offenses is a protection to trade and industry as much as, if not more, than to the public. The Food and Drugs Act is construed as a measure forbidding unfair trade practices as much as one for safeguarding the public health. Indeed, it is the first law Congress ever enacted for the protection of legitimate trade and industry against unfair and unethical competition.

The Most Common Offender

PERHAPS the most common adulterant we have to deal with is water, which is certainly not in itself an objectional substance. But the tomato packer who adds water, increasing the liquid content in his cans and sells the addition for tomatoes engages in a form of competition which the honest manufacturer can't very well meet.

"When the outright crook comes along and puts out some kind of poison in the form of food, he injures every honest manufacturer of the particular product. The only thing to do with him is to use a club; put him out of business.

"Ignorance is no excuse for even a first violation of law; we try to remove the possibility of it bringing about a second infraction of the statutes."

The Bureau of Chemistry has spent thousands of dollars, for example, developing methods for packing, storing and handling eggs, so as to facilitate the distribution of that product in good condition.

Experts, by means of delicate little machines, followed eggs from the henry to the cooling plant, over railroads, on trucks right to the door of the consumer. Instruments placed in cars told why so many spoiled or were broken on the way and showed how to reduce the loss.

Similarly patient work was done with South Atlantic and Gulf of Mexico fish. Tests proved that fresh fish properly frozen may be safely preserved for as long as two years without deterioration in food value or gastronomic charm. This means that salt-water food may be shipped to any point and that any variety may be eaten at any time of year. Thus it was made possible for the Middle West to lighten its war-time food problem by getting regular shipments of fish from the South.

The research work of the Bureau ranges almost the entire field of agriculture and the food and drugs industries. While every experiment aims at an every-day application, the Bureau's researches often lead to discoveries exceeding the exactions of the law or the requirements of industry.

For example—

"That spot there isn't grass, it's canvas painted green to hide a sunken battery," Signal Corps sharps at the war front were often able to say after examining the picture of an enemy position photographed from aeroplane heights.

The differentiation could be made because color experts in the Bureau of Chemistry—trained by years of experience in evolving safe dyes for foods—had found a way of making a quinoline dye that would react to the heat or

invisible rays of the spectrum. The secret was one of many our scientists, reaching into the air, seized from Germany. The dye gives astral physicists an added route to far-away suns. It is of value in commercial photography, a big factor in taking pictures when the light is hazy. The reason is that photo plates stained with it register obscure color tones.

Another German secret that was unraveled by Bureau experts was the process for making phthalic anhydride compound, a coal-tar product entering extensively into textile and other dyes. In producing it the Germans employed sulphuric acid; we learned to do the job with air. The chemical, which has sold for as high as \$7.00 a pound, I am assured should—because of the Bureau's discovery—soon be as cheap as sugar.

Chemistry and the Spy Scare

THE Bureau makes the all-inclusive word "chemistry" cover numerous lines of inquiry far removed from test tube and retorts.

A year or two ago wheat farmers in the Middle West became alarmed because of an epidemic of explosions and fires in threshing machines.

"I. W. W.'s and German spies are after us," they wired Washington. Instead of representatives of the Secret Service, experts in the Bureau of Chemistry went to investigate.

They found that most of the disasters were due to explosions of dust ignited by static electricity seeping from the machinery. They were able to diagnose the case promptly because of prior studies of dust explosions in grain mills which had been facilitated by like studies of dust made by the Bureau of Mines

in coal shafts.

When the farm-

ers followed the prescription the experts prepared for them, the epidemic ceased. That prescription called chiefly for wiring the machinery to the earth, thus "grounding" the electricity generated.

Similar diagnoses and like treatment lowered the number of cotton ginnery fires in the South.

Experimentations looking to the utilization of by-products have led the Bureau to work out a profitable method for manufacturing glue out of the lowly corncob, and of a half dozen different things from orange and lemon "culls." Indeed, since the Bureau established a branch laboratory in Southern California, the price of "culls" has risen from a few dollars to \$20 per ton.

Adventures in the field of dehydration of fruits and vegetables have brought forth such things as a centrifugal process for reducing apple cider to a powder, so that a barrel of it may be shipped in a small tin can without the slightest deterioration. No; it won't harden when in powder form.

Thus you may understand why trade and industry goes to the United States Bureau of Chemistry for help more than for mercy.

"But for what the Bureau did for us in helping us get satisfactory sweeteners, the sugar shortage of last year would have forced half of us into bankruptcy," said a soft drink manufacturer recently. When the Food Administration cut their sugar allowance in half, the Bureau of Chemistry showed them how to get along with such things as barley sirup, honey and glucose.

Barley sirup being of such good use in soft drinks and confections, the Bureau has worked out proposals for producing and using

(Concluded on page 70)



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Down in Washington there is a great bureau whose scientists are devoting themselves to the same problems in preserving foods that confront this old lady on her kitchen table. What she knows by practice and intuition

they are reducing to a surely charted science for the benefit of her descendants. One of the secrets they have stumbled on is a method of drying apple cider so that an entire barrel of it can be shipped in a very small can.



The Standard Bill of Lading

BILLS OF LADING are highly important documents, as they cover all the internal and external commerce of the country.

For twenty years or more the country has been working toward uniformity in bills of lading used for shipments by railroad. After investigations that began in 1912, and conferences between shippers and railroads that were especially prominent about 1916, and enactment of a federal statute in 1917 for establishment of the rights of shippers and obligations of carriers in interstate and foreign commerce, the Interstate Commerce Commission has recently arrived at two forms of bills of lading which are to be used throughout the country after August 8—a bill of lading for general merchandise in domestic trade and a through export bill of lading. With a bill of lading to cover shipments of live stock the Commission is still laboring, meaning to issue a later report about it.

Shippers and railroads had some real controversies about the conditions that appear on the back of the bill of lading. With these differences the Commission had to deal. It decided some of the disputes in favor of the railroads and in others it agreed with the shippers.

It concluded shippers were right in asking for elimination of language which purported to release the roads from liability on account of discrepancies in elevator weights. It refused to sanction a change in the carrier's liability to a warehouseman's liability upon the expiration of 48 hours after notice of arrival and prescribed the change should occur only at the end of free time after notice of arrival and placement of property for delivery. It narrowed the present provision about liability for damage to property transported in open cars but did not go the whole length the shippers asked. With respect to the measure of liability for loss or damage, the Commission rejected the carriers' proposal that it should be the value at time and place of shipment. It ruled against a provision which would relieve roads of liability after cars had been placed on sidings. Finally, it struck out limitations of liability on water carriers.

The shippers did not have everything their own way. The carriers' proposal regarding their liability while property is stopped and held in transit was substantially accepted. Shippers' request for a new provision requiring notice from the carriers respecting loss resulting in nondelivery was rejected. A desire for carrying over a consignor's stipulation against liability for freight charges into any written order for reconignment was likewise unsuccessful.

In the export bill of lading the Commission was concerned only with the portions governing transportation by rail. With the controversies about the conditions on this document the Commission dealt with some ease, after it had cleared the ground with respect to the domestic bill of lading.

The order of the Commission which followed its discussions runs principally to the Director General of Railroads, whose offices are in the Commission's own building. Government control of railroads at least makes possible an appearance of simplicity in procedure, since the Commission merely hands such an order across the hall.

Help Wanted: Male

TRADE COMMISSIONERS to go abroad, obtain commercial and economic information regarding foreign markets, and describe them in reports which business men can read, are sought by the Department of Commerce. The compensation is

THE NATION'S BUSINESS FOR JULY

\$10 a day, transportation, and \$4 a day for living expenses. Examinations will be held on June 26 through the Civil Service Commission and anyone who has had two years of experience in a business connected with foreign trade, or three years of college training in economics, banking, export technique and the like, can have his chance.

A Fresh Field for Patents

PERCENTAGES are patentable, the Supreme Court held on June 2; that is, if they are of the right sort. In this instance, they are percentages of oil that will concentrate metallic ores by the flotation process. Anyone may use more than one per cent. of oil to make metallic particles in ore reverse their ordinary obedience to gravity and float, but a mine that cuts down the amount of oil to a fraction of one per cent. will get haled into court for infringing a patent. The idiosyncrasies of oil are likely to keep in working order the mathematics of mine superintendents who have concentration plants on their hands.

What It Takes to Make a Port

PORTS are continuing to get attention from the Shipping Board, which has a commission devoted to encouraging better facilities.

Location and other natural advantages, in the opinion of this commission, do not create a port. The secret of success is in facilities and in the services of efficient shipbrokers and freight solicitors who search for business and handle it with the ships. As for facilities the commission wants bulkheads and quay walls that will make accommodations at piers and ships flexible and suitable for vessels of increasing length. The transit sheds it would have in two stories, in order that cargo may flow to vessels on one level and from vessels by another. The warehouses can be superimposed upon the transit sheds, story upon story, as high as the business may require. With these arrangements for space go cranes and other devices for actually handling cargo and means to care for the needs of vessels themselves in the way of fuel and other supplies.

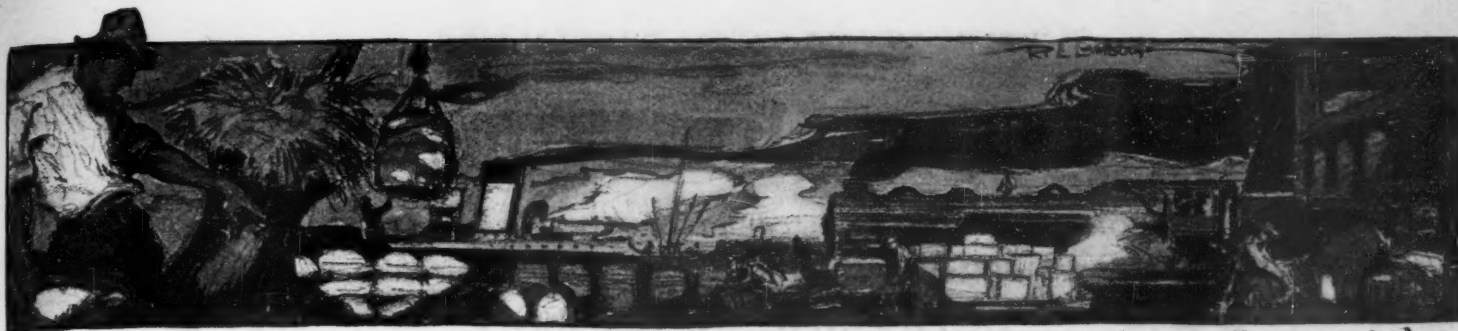
Anyone who thoughtlessly contemplates adding a modern port to his investments will discover, upon consulting the commission, that he has a man-sized job on his hands.

A Government Grocery

RAILROAD PROBLEMS have taken a new turn in Australia. The government railways have opened a shop in Sydney for retail sale of groceries and the like and use the space in passenger cars to advertise the bargains they offer. All of this is naturally to the great distaste of the retail merchants, who do not relish such a form of competition and are expressing their emphatic points of view.

All the Latest Novelties

ARGININE STRIKES have a character of their own. Railroad strikes and dock strikes are not unknown in other parts of the world, but strikes of newspaper men that deprive a capital of news for a week, strikes of bank clerks, strikes of farm laborers over wide areas, and strikes of medical students for the purpose of achieving a right to have something to say about the examinations to which they are subjected, have some elements of novelty. The cost of living in one of the costliest parts of the world has much to do with Argentine strikes but the cause for



the medical students' little affair of their own is undisclosed at this distance.

The High Cost of High-Brows

THE RISE IN PRICES has reached higher education. Cornell University has increased the salaries of all members of the faculty and at the same time raised the tuition fee. Possibly, the colleges are installing systems for ascertaining the cost per unit of product.

The Farm Refuses to Standardize

COST OF PRODUCTION on the farm is hard to figure. In the past the Department of Agriculture has had some unhappy results in trying to arrive at estimates that could stand the test of analysis. The fact is, of course, that each farm is pretty much a law unto itself and as in other industries has costs of production that are particularly its own.

Upon the proper procedure for discovering the reasonable cost of production of a farm product the Secretary of Agriculture has taken the advice of a committee, and in order to follow out the committee's conclusions now asks Congress for \$600,000 to spend in the next twelve months, largely upon cost of production but also in studying farm labor, the proper organization of a farm, and farm finance.

All of this should assist in getting farming upon a business basis.

Considerable Overhead!

FALSE STATEMENTS in selling stock have now had the formal attention of the Federal Trade Commission. A complaint has been filed by the Commission following the plan of procedure announced soon after the Capital Issues Committee went out of existence.

In this complaint the Commission alleges fraud on the part of a corporation and its chief officer. Between 1917 and 1919 something like \$4,700,000 were collected from 54,000 subscribers to stock in the concern. Of this sum \$1,156,000 is said to have gone to salesmen, and \$553,000 to the promoter.

Misleading and unfair statements are alleged in selling stock in interstate commerce. These statements related to the business, progress, good-will, standing, etc., of the company, to the number of shares a subscriber could take, to "testimonials" which purported to be signed by earlier stockholders, claims that the stock was equal in value to Liberty Bonds, and other devices.

Any Money to Invest in Russia?

KINGDOMS are surely at the disposal of the present regime in Russia, at least on paper. Some particulars of the concessions tendered to foreign capitalists, if they would only come in, have been published. The railroads embraced in the project represent an investment of a billion dollars. On top of that are timber lands such as none of our lumber kings ever had at their disposal.

War Was Hard on the Windows

GLASS was not made for the concussions of war. The glass factories of Belgium can run for many months on the job of replacing broken window panes, and France looks to Belgium to help in mending its own windows. Italy's one factory will have a long period of work if it is to replace the destroyed windows in the invaded district.

Not only window and plate glass are in demand but different

forms of glassware. England needs bottles, chimneys for lanterns, and cheap tumblers. France and Belgium need a replenishing of their glassware, too. In watch crystals, Alsace-Lorraine is again asserting its ability and seeking to oust Japan from this trade, in which Japan made progress during the war.

How far Belgium will regain its former position in exports of glass remains to be seen. It has now to compete with war-time expansion in such countries as Japan and Canada.

The Spat Over Spitzbergen

SPITZBERGEN gets a new distinction, in being about the only disputed corner of the earth not mentioned in the peace treaty. England, Russia, Norway and Sweden have laid claim to it, on account of such resources as coal, and in the Brest-Litovsk treaty of unpleasant memory Russia undertook to cede it to Germany. Meanwhile, a British company exercises squatter's rights there.

In the Comptroller's Court

CONTRACTORS do not always get the worst of it from the Comptroller of the Treasury, who for practical purposes is the final authority in construing the contracts they have with the government. When government engineers did not place before bidders all the knowledge they had about a building site, and the successful bidder was consequently misled concerning the expense of necessary excavation, the Comptroller came to the rescue of the contractor and held he was entitled to reimbursement on the ground that he had a good claim for damages.

Contractors who entered into fixed-price contracts and who had the wages of their employees increased by the National War Labor Board did not fare so well when their case came before the Comptroller. Increases in wages are held not to give to a contractor a claim for damage. Supplemental contracts for increase in the contractor's fee under a cost-plus contract likewise are of no avail.

Well, It Lifts Balloons

GAS has gone the way of everything else in the cost of living, as the Bureau of Labor Statistics has now found out with precision. Within the year housewives in Buffalo have seen the figures on their monthly gas bills increase from \$1 to \$1.45, whereas in Washington they had to contend with an increase only of 5 per cent. The cost of living is accordingly about as variable in gas as in Sunday-go-to-meeting raiment and automobiles.

By way of proving what can be done, even in a world of post-war prices, Portland, Oregon, reduced the price of gas from 83 cents to 78. It is fairly evident that Buffalo and Portland have different ideas on the subject of gas. Buffalo may suspect Portland of having a beneficent citizen who gives the gas plant free fuel.

Designs on Davy Jones

SALVAGE from the sea may soon supply material for enticing stories; for it is a long time since the ocean held so much treasure to attract people of an adventurous turn.

At about the time in May when our Navy Department turned salvaging operations on our coasts back to private companies, a new company in England was preparing to seek fortunes among wrecks along the northern coasts of Russia. As a matter of fact, it did not need to go so far away, except to seek richer areas. About the British coasts themselves is a tempting field, even though the Admiralty recovered a value of \$200,000,000 during the war.

Cargoes for the Home Ports

Loaded and cleared for foreign lands, a steamer is only half taken care of—How can we keep 'em from coming back to us with consignments of water ballast?

By **GEORGE M. HANSON**

of the U. S. Consular Service



AMERICA at last has a merchant fleet. We have built a lot of ships and a multitude of others are coming from the ways. The declaration is printed broadcast that America will establish a merchant marine which will carry American products to all corners of the earth. This very likely will be done, but first of all the merchant marine must be made a paying proposition.

American ships never will sail abroad laden with American products unless a market for the cargo has been arranged for in advance, and also, in most cases, unless a return cargo has been provided. To compete successfully with other countries there must be a profit going and coming.

The question naturally arises: Where are the markets for American goods, and where are the products that must form return cargoes? Our principal markets before the war were found in English-speaking countries, chiefly Great Britain and Canada. The goods to Canada went largely by rail and exports to England were for the most part return cargoes for British ships. In a minor way we disposed of the products of our forests, mines and farms, and the output of our factories to the countries in which we had a geographical advantage.

For instance, we sold flour and petroleum to China, Japan and the East generally, because our supply was the most available. The Japanese ships on the Pacific needed return cargoes and that need expanded American trade, but with increasing tonnage Australia was crowding us close in the flour markets and the Dutch oil fields in the East promised to banish American petroleum from the Orient.

In many countries our pre-war trade consisted mainly of the sale of articles of purely American invention and manufacture, such as typewriters, sewing machines, phonographs, motor cars, cash registers, etc.

At least we thought so, and no doubt it did for a while. It was inspiring to read commercial reports to the

effect that the hum of a well-known make of American sewing machine could be heard, singing its message to industry, in almost every part of the habitable globe. We were also proud to note that the jitney which made America famous was met up with wherever civilized, barbaric, or savage man had built a road. And those melody-shedding phonographs, gramophones, grafonolas, and what-nots, cause and cure of homesickness! America was all about us, and, satisfying thought, American products were known and appreciated the world over.

A closer inspection might have disclosed the fact that the sewing machine had been made in England, or Germany, or even Belgium or Holland. The original American manufacturer had discovered that world trade is free in a limited sense only, and that the products of countries with colonial possessions are given the entrée to colonial markets by preferential tariffs. Hence branch factories abroad. To-wit: before the war a sewing machine made in America might have been admitted into Australia upon payment of a duty of 25 per cent ad valorem. The same sewing machine made in England was admitted upon payment of a duty of 20 per cent. The difference in the amount of duty paid is 20 per cent. Not a bad saving, 20 per cent. Besides, it is generally recognized that the cost of labor and material for a sewing machine is much less in England than in America.

But the great advantage is yet to come. The sewing machine made in England is labeled "All British," and that appeal should not be discounted in promoting sales in British communities. The result is, a distinctive American invention is

manufactured overseas and sold in the country of its manufacture and her colonies as "All British," "Made in Germany," or under other national trade-marks, and the purchaser would no doubt hotly resent the suggestion that it was not entirely the product of the genius of his own country.

The same with the jitney. This car is turned out by hundreds at the factory in Ontario and every one is stamped "Made in Canada." More than likely the cheery American who delights to hear of the popularity of an American motor car in foreign lands would, upon examination, find that the car was not made in the United States at all.

By establishing another factory in England these distinctive American cars become "All British," and are so marked and sold throughout the United Kingdom and the Colonies. They, too, enjoy the advantage of the preferential tariff, and the American-made car that pays duty amounting to \$125 must meet in a competitive market a brother jitney that paid duty amounting to \$100 only.

The Phonograph Speaks

AND now comes the song of the phonograph. These instruments were made in Germany by the thousand, and while the imitation was not by any means up to standard, the uncultivated ear of the European peasant and also the myriad races of the East was not disposed to quibble over the mechanical additions to the music if the price was right. Along the former trade routes throughout the Orient of the North German Lloyd and the Hamburg-American lines, and in the tropics generally, including the Dutch East Indies, and the Federated Malay States and Straits Settlements, no home has been considered complete without a "talking machine." And very many, altogether too many for the good of our trade, are marked "Made in Germany."

American cigarettes in packages and tin boxes, American cereals, canned milk, meats and vegetables find their way to world markets from Hammerfest to Hobart under the labels of foreign countries, as the output of



branch factories located in the United States and employing American labor are not, by any means, so widely distributed.

Take, for instance, the best known manufacture of pickles and sauces in the United States. On the outskirts of London is located a mammoth plant producing the identical 57 varieties that are manufactured in Pittsburgh and the words "Made in England" are printed on every label. The American traveler sees the well-known trade-mark in every foreign country he visits, and feels more or less elated over the fact that American savories can be had so far from home. A visit to a shop, however, discloses the surprising information that these are "All British" products; and the citizen of God's country is left wondering as to where the 57 varieties originate, anyway. He is liable to finally conclude that, like the tunes of "God Save the King" and "Yankee Doodle," they were first made in Germany.

There is a reason for this commercial camouflage, of course, and a very natural one. It might not have been so necessary to establish branch factories abroad if America had possessed a merchant marine big enough to carry her exports to foreign markets, but not only have we not a merchant marine worthy of the name, we also have not had trade facilities in foreign countries equal to our larger competitors.

But we are overcoming our difficulties. We

are building ships, and establishing branch banks, and meeting in other ways the conditions required to secure and hold trade.

But as I said, not only must markets be found for the output of American factories, but the ships that carry our exports to foreign shores must be provided with return cargoes. How is this to be done?

"The Ships of England"

AGAIN let us borrow a leaf from the record of leading commercial nations and we find that the foundation of overseas trade is based on the colonial system. Establish colonies in those sections of the earth which produce the raw material necessary for manufactures, and the problem is practically solved.

The ships of England carry the goods of Birmingham and Manchester to Australasia and come back laden with wheat and wool. The merchant princes of Holland have grown rich in the exchange of products with the Netherlands East Indies. The same is true of every European country with overseas possessions.

America, then, starts out under a handicap. She has no colonies outside of her insular possessions and, besides sugar, tobacco, hemp and copra from the Philippines, Hawaii and Porto Rico, her "Colonial" trade may be said to be insignificant.

What is to be done?

The "hustle," "do things," "get there" spirit

characteristic of America will find a way.

First our consular service must be enlarged and its trade facilities extended. We should create and support a larger force of trade representatives than we have ever had in contemplation. The faults in our present system should be ruthlessly eradicated and the defects cured.

To establish and hold markets in competition with Great Britain in ports where both countries are on even terms as, for instance, in France, America can hope to win only by the excellence of her goods and the fairness of her business methods. We know what the British trade system that studies and undertakes to encompass all trade activities and possibilities in every port where flies her merchant flag.

The British Consul is not appointed as a reward for political service, nor is he a man without particular fitness or aptness for the place. On the other hand, he is a man of educational accomplishment, a trained diplomatist, experienced in business affairs, and thoroughly equipped to understand and promote his country's trade policy.

The same could be said of the German foreign trade service before the war, and, as no doubt that service will be restored sooner or later, it should be included in any trade comparisons.

The trade representatives of those two great manu-

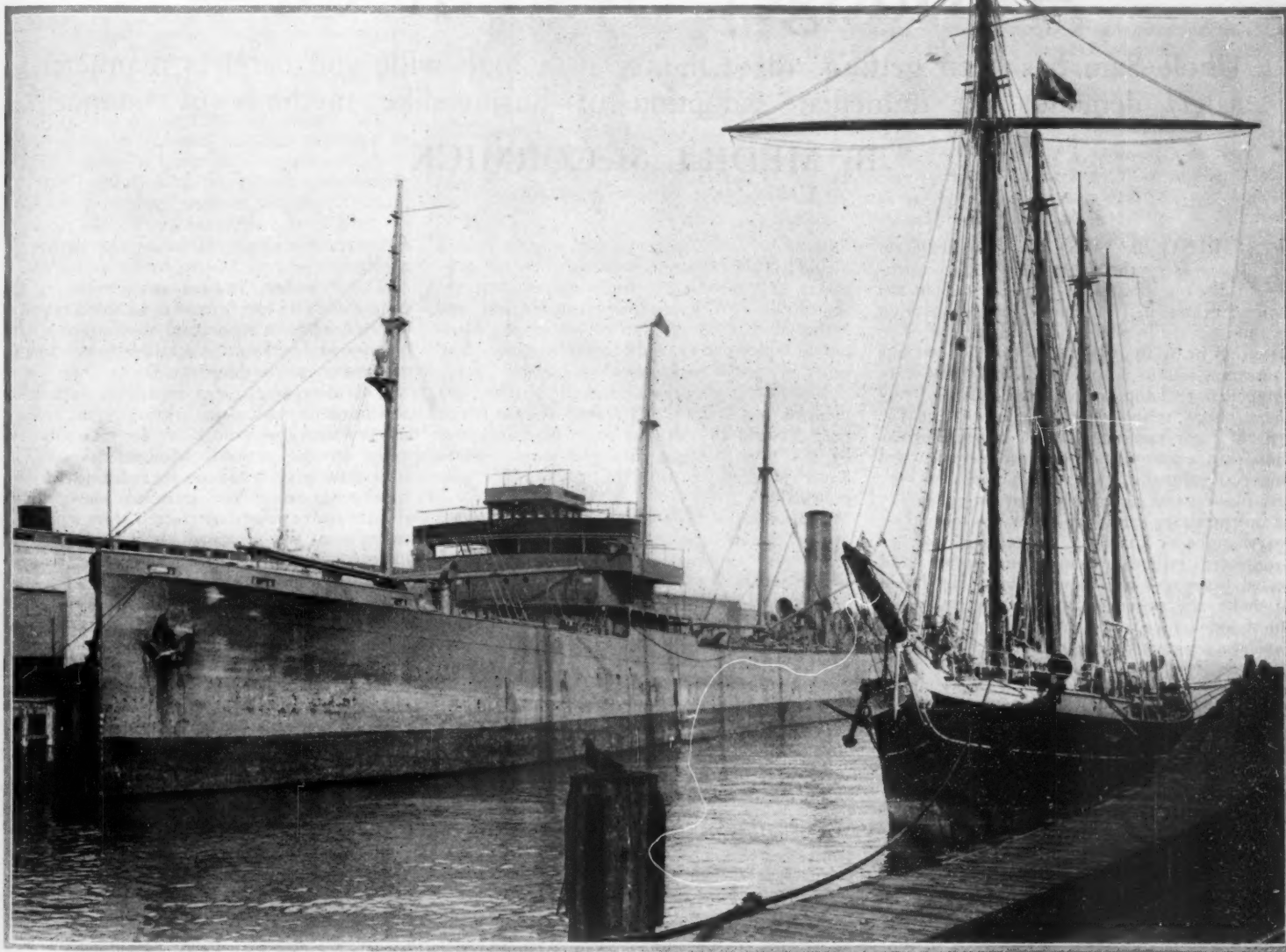


Photo by Walter Scott

Steam and sail—ancient rivals for man's sea traffic—lying side by side at a San Francisco dock. In this particular instance, the sailor probably has less of a problem in the

matter of two-way cargoes. It is owned by a Philippine vegetable oil concern. After disgorging its freight it should have no trouble finding goods to take back to the East.

facturing nations, then, may be said to be graduates of business training schools. They are familiar with ships and shipping and they know maritime law. They are kept in close touch with business conditions and new developments in their respective home countries by national trade organizations, and they are supplied with available information that would be of value in meeting trade emergencies.

A typical case of commercial competition in the tropics between an English trade representative and a German Vice-Consul illustrates the keenness of the rivalry for trade superiority.

In tapping rubber trees the latex, or fluid rubber, runs down the trunk and is caught in a small receptacle, very much like a cup. This cup was first made of tin and, in the rubber district contributory to Singapore, which produces half the rubber supply of the world, was an important article of commerce supplied by England. In the intense heat of the tropics the life of a tin cup for this use is not long, as it begins to rust from the first and holes soon appear. A German Vice-Consul noticed the unsuitability of tin cups for this service and had sample cups of an aluminum alloy made. He distributed his

samples among local planters and their superiority over the tin cups was at once apparent. In practically no time he had taken orders for thousands of aluminum cups and the English tin cup trade was doomed.

But the Englishman was not to be so easily outdone. He started manufacturing aluminum cups also, and, by appealing to national prejudices, after a while got back a good part of the trade. The German, however, had not been idle. He experimented with a glass cup and discovered it was not only more durable in a general sense for the reason it had neither joints nor seams, but also because it was absolutely non-rustable. These glass cups were about the size and thickness of an ordinary jelly glass and with reasonable care would last for years. It is needless to say that glass cups "Made in Germany" soon took the place of all other kinds, and German trade profited in consequence.

This instance shows the competitive activity of trade agents and it is this trained activity that America must meet—not only meet, but overcome. The question then arises, Are we equipped to meet expert competition, and, if not, what do we propose to do about it? If the American foreign trade service

is not equal to the foreign trade service of its commercial competitors the duty of our government is clear.

Consider the case of China.

To one unacquainted with inside conditions it would seem that the American sphere of influence in China should be so potent that no other nation would have a chance against her in trade matters. But what is the real situation? Any Oriental expert will tell you that until Japan began crowding the nose of her commercial camel into the trade tent, England had an apparently unbreakable hold on the foreign commerce of China. America and France and Germany had a small trade each in articles that faced little or no competition, but England got the lion's share. We shipped maple sugar to China, for instance, but that was because England had none to sell.

The explanation of England's paramount position is simple. When China decided, upon British suggestion, to reorganize her Customs Department, Britain was there with plans and personnel to perfect the reorganization and Britain got the job. A British Customs Collector in every Chinese port means a British trade agent who acts as "intelligence" officer for British merchants.

"A Budget System Or—"

Uncle Sam has been getting rid of money in a high wide and careless manner; safety demands the immediate adoption of businesslike methods of finance

By MEDILL McCORMICK

United States Senator from Illinois

DURING the twenty years immediately preceding the great war, public expenditures, city, state and national, in the United States, increased out of all proportion to the increase in population and wealth. The situation prior to 1917 had become so serious that many municipalities and some states were compelled to adopt radical methods to bring their outgo within their income. But the federal government, with appropriations mounting each year, took no step toward financial reform. Then along came the war and found us as completely unprepared fiscally as in a military way. Without any system or forethought or planning whatsoever, we appropriated billions, voted bond issues and levied taxes to raise these billions, but failed to make any provision for the future, when the bond issues must be paid off and the expenses of government, enhanced ten-fold by the war, must be met. We indulged in a veritable financial orgy. Now we must check up the bill, plan for the future, and devise some scheme of paying off the national debt. The first step is to effect an economy in our business of governmental administration and such an economy can be effected only through the creation of a national budget system.

We must create a national budget system or go bankrupt. We are going to have some sort of a budget plan, but it still remains for the people of the United States, through their representatives in Congress, to say whether it shall be effective or ineffective. For myself, I am in favor of conducting the business of government upon real business lines. I want to see established immediately a proper relation between income and expenditures.

Therefore I favor a budget system which includes full executive responsibility for estimates of expenditure, full congressional responsibility for expenditures authorized, together with congressional review of the manner in which the expenditures are made. Any other system is foredoomed to failure.

Both of the great political parties are pledged to a budget. President Wilson is not only pledged to it by his party platform, but by his own writings; congressional leaders have pledged themselves personally and politically.

The series of bills which I have introduced in the Senate are the fruit of some years' study and experience, beginning in Illinois, where we have established a successful state budget system. The principal one of these measures provides that on or before November 15, each year, the Secretary of the Treasury shall submit to the President the following information:

A statement in detail of the estimates of expenditures of the various branches of the government.

A statement giving the estimated revenues of the government for the fiscal year to which the estimates of expenditures relate.

Suggestions and recommendations for new taxes, loans, or other appropriate legislation to meet deficiencies in case the estimated expenditures exceed the estimated revenues.

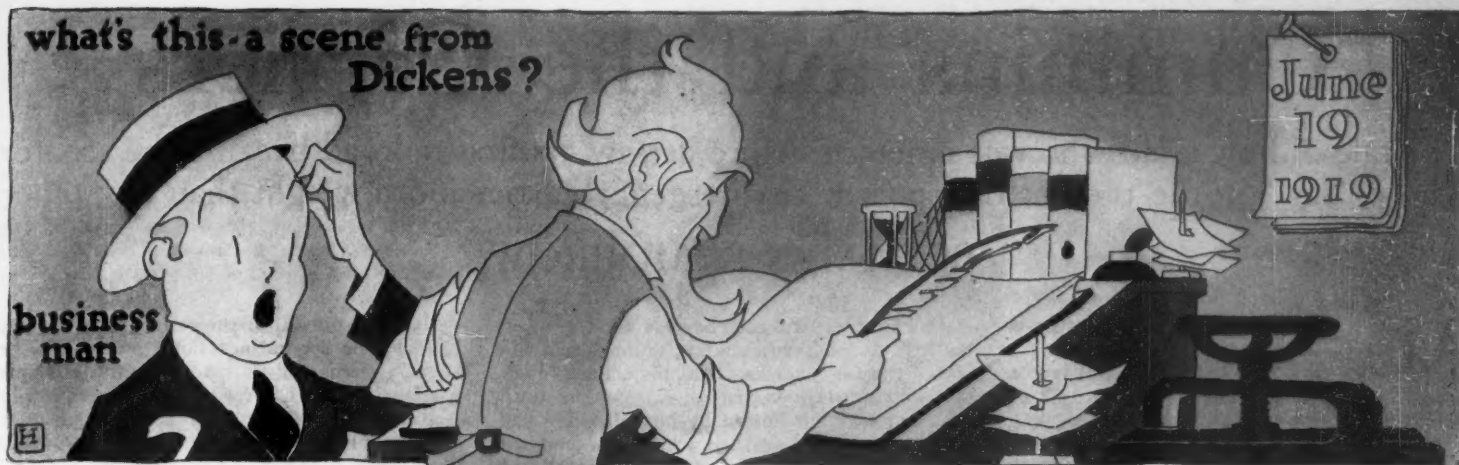
Before submitting this information to the President, the Secretary of the Treasury must review all of the various departmental estimates, to bring them into a proper relation with one another, so that the estimates for work in one department shall not duplicate

estimates for work of a similar nature in another.

The President, in turn, after receiving the estimates from the Secretary of the Treasury, is required to submit them to Congress with his approval. He must approve the estimates and not merely submit them.

This measure, as can readily be seen from the incomplete outline I have given, fixes a full executive responsibility for expenditures asked by the national administration. The President must endorse the administration's fiscal program. The reform may seem almost revolutionary when contrasted with the present system, where every little head of every little bureau of the government figures out what he needs and more and then passes his estimate along to his immediate superior, who in turn passes it on to his superior, and so on ad infinitum, until the estimates from all the bureaus reach Congress, where they are scattered to the winds among a number of committees, which proceed to consider them without any thought as to what other committees are doing or spending.

Any private business, no matter how large or small, if conducted on the present governmental lines, would go to smash within a year's time. And our government is certain to go to smash financially if it does not change its methods and institute a proper business system for the handling of its income and expenditures. In order to give the Secretary of the Treasury full time to handle the important duties placed upon him in my measure, I would divest him of all his present extraneous functions; such as supervision over the Coast Guard, which properly—and temporarily—



belongs to the Navy; of the War Risk Insurance Bureau, which never should have been placed in his department; of the Supervising Architect's Office; the Secret Service; and so on.

While correcting the methods of handling expenditures and revenues in the executive departments, it is just as essential to correct the present methods of reviewing and auditing them.

There are at present departmental auditing offices for each office and congressional committees for investigation of expenditures in each department. The former perform a perfunctory service under the Secretary of the Treasury, and the latter never perform except at rare intervals and then chiefly to create political capital.

To supplement my budget bill, I have introduced another measure to create the office of Controller-Auditor General, who should be responsible not to the President, but to Congress. This office, immediately after its creation, would proceed with the work of consolidating and reorganizing the audit work of all present auditing offices. But this is the least important of its functions. That for which its creation is sought is a review of all governmental expenditures, and my measure provides that on or before the 30th of each November each department of the government shall render an accounting to the Controller-Auditor General of every expenditure of public moneys made by it during the fiscal year ending the preceding 30th of June. The Controller-Auditor General's Office shall then examine these accounts, determine whether the payments were properly made, and whether the facts incident to such expenditures warrant further appropriations of a similar nature by Congress.

A Complete Check

ON the 15th of January, the Controller-Auditor General must lay his report, with recommendations, before Congress; call its attention to every case in which it appears to him that an expenditure has exceeded an appropriation; and to any other discrepancies, irregularities, waste, extravagance, or information which he believes to be of interest to Congress.

These two measures in my estimation provide a very real basis for budgetary reform. I do not claim for them that they are perfect. But I am absolutely opposed to suggestions for a so-called non-partisan budget system; first, because it is likely that it will not be truly non-partisan; and second, because the budget is a political instrument. The amount

This in the world's most advanced business nation!

of the estimates, their character, and their purpose are all matters of political policy and political controversy. So are the social and economic ends to which they are directed. I am also opposed to creating a director of the budget immediately subordinate to the President, because the President already is overburdened with executive responsibilities and also because his principal financial officer should be the vehicle through

whom financial discussion is initiated in the Cabinet, no less than the vehicle through whom the financial decisions of the President and his Cabinet are carried out. We want no more independent food, fuel or trade directors, responsible only to the President.

There are proponents of the budget system who would forbid the legislature to appropriate sums in excess of the executive estimates. That is the European system, but it obtains in countries where the executive is responsible to the legislature. In England, for instance, if the Commons reject the budget, the cabinet must resign and go before the country for its approval or disapproval. That system, under our constitution, is impossible. Our Congress is chosen for a term of two years, our executive for a term of four, and neither is responsible to the other, but both are responsible to the people. In America, if Congress were denied the power of revising the executive estimates, either upward or downward, it would permit the President utterly to dominate the Congress. It is enough to do as we have done in Illinois,—to make the Chief Executive responsible for the sum of the estimates, and then to make the legislative body answerable to the people for adding thereto.

We are facing a tremendous peace time task. During the war it was easy to raise money because the people were heart and soul

in the war. But now that the actual fighting is over, it will be difficult for them to continue to give as they gave during the struggle. Already Congress is swamped with requests for the repeal of this provision in the revenue law and that provision in the revenue law; for a reduction in first class postage and for the elimination of the second class zone system; for a tariff on certain foreign products and for the removal of the tariff on others; for reductions in freight, shipping, telephone, telegraph and cable rates. The demand for a reduction in federal taxes is growing daily, but Congress is confronted by the task of providing at least \$4,000,000,000 a year for many years to come in order to meet the most urgent needs of our government. Therefore, unless Congress proceeds immediately with the creation of a proper budget system, it is certain to be called to account by the public, but the public should let Congress know its desires in the case.

Think for a moment. In 1900, after the Spanish-American War and with the Philippine insurrection still on, our appropriations were only \$462,510,000. A few years later we had our first "billion dollar" Congress and the people were amazed. That was not a billion dollars a year, but \$500,000,000 a year. Yet today, in peace times, we shall be called upon to raise ten times that sum each year, and in the opinion of some of our ablest public men, we shall never be called upon for any less.

The States Are Awake

OUR states have taken steps to meet their fiscal troubles. A score of them have created some sort of a budget system. I am proud to say that up to now the Illinois plan is generally regarded as the best, not only in theory but in actual practice. But the states did not act until they were compelled to by disaster confronting them. From 1903 to 1917 their expenditures increased alarmingly,—more than 150 per cent, and, with no exceptions, there was nothing like a proportionate increase in wealth or population.

The Republican and Democratic parties are pledged to the budget, pledged by their leaders and pledged by the solemn undertaking of their conventions. The issue is grave. It will become threatening if the hour of reform is postponed, or if the measure of reform be inadequate.

The responsibility is not only with Congress, but with the country.

The Standard Oil Company of Indiana is adopting an industrial relations plan carrying with it provisions for annuities for employees and giving employees a voice in matters pertaining to relations with their employers.

Cummins and the Carriers

The tale of how a lad who was nineteen before he saw his first railroad became the senator whose "say" in the present transportation emergency carries more weight than any other

By JAMES B. MORROW

MAINLY, it was a case of father-in-law. At headquarters, however, it was construed by the son-in-law as being the equivalent of a disobedience of orders.

Here, then, was the root of one of the most entertaining stories in modern American politics—a story that is joined, although it began a quarter of a century ago, with present events of much importance.

After he had been a lawyer in Iowa for sixteen years, Albert Baird Cummins, using his own language, "turned to public matters." Immediately, almost, notably in the East, he was pictured as the emotional and irresponsible friend of the masses, or as a barbarian who was running amuck in the precincts of sacred and venerable politics armed with destroying weapons and clothed only in the breech-clout of vengeance.

Propaganda, it would now be defined, fabricated and circulated by the "interests!" This man never was emotional, in a rhetorical or agitatorial meaning of the word. Instead, and it is well to say so at this point, he is and always has been a cool and steady, an intelligent and determined fighter in the refined or rough-and-tumble contests of courts, campaigns and the arenas of lawmaking.

As a trial lawyer and an office lawyer he ranked among the greatest in the Northwest. He battled with Washburn and Moen and with Isaac L. Ellwood, the wire fencing monopolists, before one judge and then another, until he invalidated their patents. Whereupon he helped the independent manufacturers sell their interests to the American Steel and Wire Company, which, in turn, was absorbed by the United States Steel Corporation. This transaction netted his clients a profit of \$8,000,000.

In the meantime he had been the attorney of five railroads and the general counsel for two of them. "But," as he told the writer, "I never worked on a salary for any man or combination while a practising lawyer and, therefore, was always free to take a case or turn it out of my office." Then he added: "My services with the railroads were always strictly legal and in no instance were they ever political."

Government by the Railways

IOWA men still say that the railroads once chose every officeholder in the State. When the mind of Albert Baird Cummins turned to public matters, in 1894, Joseph W. Blythe was general counsel of the Chicago, Burlington and Quincy Railway Company and the political manager for his own and all the other railroads in Iowa. His wife was the daughter of John Henry Gear, a Representative in Congress from the Burlington district and a Republican leader, famous for his sagacity and his homely and ingratiating speech.

Simultaneously, or, at all events contemporaneously, if not on the same day and at the same instant, Cummins and Gear became candidate in the same party for the United States Senate. Instantly, Blythe brought the railroads in the State to the support of his

father-in-law. In this he was filial as well as logical and traditional. Cummins had not asked the railroads to O. K. his claims. They did not even know that he was to run until the fact was announced by himself. He had contemptuously disturbed what was supposed to be the equilibrium as anciently established and preserved until then without signs of rebellion.

Gear was nominated and elected. So opened the war, Cummins against the Iowa railroads, that continued unceasingly for fifteen years. Cummins again stood for the Senate in 1900 and again was beaten. In 1902 he was elected Governor of the State and in 1904 was re-elected and in 1906 ran the third time and for the third time was successful before the people. Two years later, in 1908, Iowa sent him to the Senate, where he has sat ever since in grim determination to counsel only with his own conscience.

As Governor, back in 1902, he began systematically to study the transportation question—economically and, possibly, politically. Taxes were to be laid and so on. Earnings, valuation, capitalization and charges required investigation. Senator Cummins says that to no other subject has he ever given so much of his attention.

Seniority Made Him Chairman

THE evolutionary process known in Washington as the operation of the rule of seniority has brought him from the tail of the Senate Committee on Interstate Commerce to the chairmanship of that body. No other committee of Congress will be called upon to do more vitally important work in the sphere of business construction and reconstruction. It will write the law for the return of the railroads to their owners. The wires, telegraphic and telephonic, come within its jurisdiction.

First, war legislation governing business must be pulled down, like an old building. New legislation must follow. Pre-war laws as a whole can not be re-enacted. Times have changed and so have the tempers and opinions of the American people.

"The war," Senator Cummins said to the writer, "did not create the troubles and difficulties of the railroads now so plainly visible. All of the difficulties and troubles existed before the war. But the public was not ready to discuss, devise and then apply the necessary remedies. Government operation of the railroads has cleared the air of prejudice, opened the understanding of the people and prepared the country for a reasonable settlement of the transportation question."

"It is seen, more than ever before, that competition is necessary. There is no middle ground, let me say, between competition and socialism. We shall have either the one or the other; and, speaking for myself, I am not ready for socialism. There has not been and will not be competition as to rates between railroads, but the beneficial competition with respect to service and facilities should be re-established. We have not had it during the war and would not have it under permanent government ownership."

"I would put all of the railroads, as I have explained on several occasions, into twelve or fifteen systems and thus preserve the principle of competition. Efforts to get business would keep up the standards of service and that would be of great advantage to the public. Poor roads in many instances would be combined with rich ones and the average earnings of all would be a just return to both classes."

"The principle of competition," Senator Cummins went on to say, in relation to business generally, "is just as sound as it ever has been heretofore, but competition doesn't mean the coddling of weak men and weak enterprises to the cost of the public. This phase of the question was brought to our attention by the war. All the coal and steel that we could mine and manufacture were needed. Prices that would bring about the largest possible production were established by the government and were made high enough to keep small mines and mills in operation."

"It was found that the spread of costs was very great. Thus, in the case of steel, notably, the profits of certain concerns were so large as to be wicked. But the steel of the small concerns was required and in the midst of war there could be no scaling of prices, based on the cost of manufacture."

"This aspect in the question of competition, as I said, was developed in all of its elements by our European experience. It will have to be considered in connection with such legislation pertaining to competition as may be undertaken by the present Congress. I said that the preservation of competition does not mean that poorly located, unwisely managed or inadequately equipped establishments shall be kept alive by statute. Nor does it mean," Senator Cummins went on to say, "the outlawing of combinations, when they are of advantage to the public interest. But, of course, combinations ought to be regulated."

What He Looks Like

WHEREAT he arose, walked to a table, took up another cigar and soberly lit it. He is an erect six-footer, without angularity or fullness of habit. His clothing, inconspicuously fine and stylish, lacked the customary length, cut and solemnity of the Senate. If I were to mix the paints that would describe his large round eyes I should take the misty gray of dawn and add to it a leonine yellow.

"I don't know," he answered, when asked to name the essential human qualities necessary for a prosperous career in politics.

"It seems to me," he said, pausing for a moment, "that permanent success in any relation of life is altogether a matter of integrity toward the world and fidelity toward one's friends."

"Some persons," and he smiled over what he knew was coming, "emphasize brains. I don't depreciate brains, but I value them less than I do the stomach, which, in my judgment, is the seat both of power and grace. To eat anything, to sleep at any time and in any place and to arise in the morning sweetened by rest and reliable flow of the digestive juices means victory for mediocrity over

genius with a bad taste in its mouth and a muddled head."

To his personal picture, therefore, must be added his stomach, flat and unnoticeable; and also his chin, which is neither—a chin protuberant, defiant and menacing and hard and blunt as a bloom of Bessemer.

I had begun my interview with Senator Cummins with an inquiry about his antecedents. "I am a dry well," he had said, "but you may let down your bucket." His father, Thomas Layton Cummins, he told me, had been a carpenter in Southwestern Pennsylvania.

"We lived," said he, "on a few acres of land and my father built houses and barns. I learned the carpenter trade myself, but unconsciously. Indeed, I can not remember the time when I didn't know how to use tools. At the age of twelve I was almost a full hand."

In almost every household some man or woman is enshrined by the next of kin who are members thereof. Usually he or she is rich; rarely pious; seldom generous. There was such a glorified personage in the home of Thomas L. Cummins. His name was Baird and he was a brother of the carpenter's wife. He had been a lawyer but was now a banker in Waynesburg, the county seat.

"I stood in more awe of him," his nephew, the Senator said, "than of any other man I have ever known. Well do I recollect my first journey to Waynesburg. My father was going there and had promised to take me along. I was to see the bank and was to enter my uncle's presence and behold him, as it were, seated upon a throne, with bags of gold at his feet.

The Great Decision

FOR three nights I lay awake in fear that something would happen that would keep me at home. The world, for instance, might come to an end. There, in my bed, feeling the obligation of my relationship, I pledged my word and honor to myself that I would go to college and become a lawyer."

For three years, intermittently, Albert Baird Cummins was a student at the college in Waynesburg. He met his expenses by working as a carpenter and a farm laborer and by teaching school. Then he went into the West.

"You see," the Senator said, in explaining his separation from his uncle and his departure from the family roof, "I cherished a delusion. We were very primitive in that part of Pennsylvania and our information about the country beyond the Mississippi was not reliable. Fortunes, we believed, were easily acquired. My mother had an uncle in Iowa whom I had never seen. He lived in opulence, I imagined, on smiling acres, amid fat herds. I would go to him, quickly obtain all the money I needed by some honest effort, read law and open an office.

"My banker uncle lent me \$50—that is to say, I gave him my note for that amount, and he, after subtracting the interest, handed me \$47.23. I floated down our only highway, the Monongahela River, to Pittsburgh where, at the age of nineteen, I saw a railroad for the

first time." Such was the original encounter.

A second cousin in Iowa entertained him temporarily. The first Sunday after he arrived, a lonely lad on the prairies, grass chin-high, he walked seventeen miles so that he could talk to a man who had lived some distance from the



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"I don't depreciate brains, but I value them less than I do the stomach, which, in my judgment, is the seat of power and grace."

Cummins home in Pennsylvania. "He had not been our friend," the Senator said, "nor even our neighbor, but he hailed from a region where he could see the Blue Ridge Mountains along the rim of the horizon."

When the liquid assets of Albert Baird Cummins had dwindled to \$6, cash in hand, he obtained a place in the office of the recorder of Clayton County. The basis of this transaction was that the boy should work for his board and lodging.

Such, therefore, was the point from which

Senator Cummins set out upon his career in Iowa—\$6 in his pocket; toiling for his keep.

"I had been reared," he said, "in a Presbyterian home of the strictest type. The hardest whipping that my father ever gave me was for whistling on Sunday. The recorder of Clayton County, an educated Englishman, belonged to church but he loved music and flowers, even on the Lord's day, and took pains to teach me his high ideals, both as a citizen and an officeholder. I passed the best and happiest winter of my life with him.

"Early in the following summer," the Senator went on, "I found that my wardrobe needed replenishing. Going into the country, I obtained employment as a carpenter and helped to build a mill. My wages were \$1.50 a day; my uniform diet, morning, noon and evening, consisted of soggy potatoes, rye bread and rye coffee and half-cooked fat pork, served on a platter swimming with sorghum molasses.

"Woe filled my heart. I had not picked up a fortune. Law was as remote and, seemingly, as impossible as ever. I was twenty years old and a failure! But I had sent my uncle \$47.23 and I had money enough left over for a supply of new clothing.

"My friend, the recorder, got me a place in the express office at McGregor, also in Clayton County, and on the Mississippi River. Freight came by train and boat. I met an up boat at 2 o'clock in the morning and a down boat at 4. Besides, I worked all day. The express company paid me \$12.50 a week. If a messenger were ill or off duty, I took his run on the railroad.

"And now I shall tell you something that you will not believe. I would not believe it myself were I interviewing you and you told the same story. A college friend at Ft. Wayne, Indiana, offered me his job as assistant surveyor of Allen County. I had never done any surveying, but I liked mathematics and was foolish enough—I shall not say courageous enough—to trust to luck.

"On reaching Indiana, I learned that the surveyor was in the swamps along the Wabash River, building a gap of the Cincinnati, Richmond and Ft. Wayne Railroad. Six weeks later, to my horror, I was ordered by letter to the swamps to complete his work. The surveyor smothered my frightened expostulations with a long flow of assuring language, also sent by letter, and I set out upon my journey feeling that I was the worst pretender on earth.

"I had never used an engineer's level or transit, nor had I ever seen either. The surveyor was to meet me and explain what I was to do, but he passed me on the way, after refusing to stop. I reached the swamp at night. Next morning I told my staff of six men that I should not need them that day.

"I want to inspect the line!" I said.

"Then I hustled out of sight, not on a tour of inspection, but to see what the completed part of the roadbed really looked like.

"After that I worked cautiously and made no serious mistakes. Naturally I had to be very careful. Plans for the culverts and short

bridges were not difficult because I was a carpenter. To my consternation, however, the chief engineer detailed me to act as his assistant and increased my salary from \$100 to \$125 a month."

In this manner began, at McGregor and in the swamps of Indiana, Senator Cummins' practical experience with transportation problems. His work done in Allen County, he was called, much to his surprise, to a railroad that was being built in Michigan from Jonesville to Lansing. Here, again, he was assistant to the chief engineer. This line built, he started for Colorado to be the assistant engineer of the Denver and Rio Grande Railroad.

"In the streets of Chicago," he said, "having stopped in that city for a day, I met an old friend of my father. He was then a partner in the firm of J. V. Farwell and Company, wholesale dealers in drygoods. Within twenty minutes by the watch I was working for \$10 a week in the office of his lawyers. In three years I was admitted to the bar.

"I told my preceptors that I wouldn't clerk for them or the best firm of lawyers in America, but that I was willing to become their partner. They were not ready to negotiate, however, and I opened an office of my own in the same building. At the end of six months they offered me an interest in their business.

"I practiced successfully in Chicago for three years and then removed to Des Moines, because I looked upon Iowa as my home and because I desired to settle in a smaller city and become personally acquainted with the men I met in the streets when I went to my office in the morning. Financially, the move was a mistake; yet I did well in Des Moines, from the day on which I began practicing in that city.

"And do you know," Senator Cummins remarked, as he looked at the writer from under a cloud of tobacco smoke, "I never once thought of being an officeholder."

That chin, as will now be evident, is no bluff.

Are You Making a Profit?

You may think you are—but you'd better keep a wary eye on those insidious half-cent leaks whose effect is out of all proportion to their apparent importance

By F. C. BELSER

ALTHOUGH accounting has in the past been generally considered as an unproductive expense and has therefore not been given the attention which it deserves, there has been in recent years a very general realization that, without accurate knowledge of the cost of production and the expenses of doing business, the manager of a business concern is as helpless as the pilot of an ocean liner without a compass. The progress of cost accounting is therefore now making rapid strides.

It is the aim of every merchant and manufacturer to dispose of his goods at a price which will return to him, first, the cost of the article, including his expense of doing business, and, secondly, such a profit over and above the cost as will return to him a fair rate of return on the capital invested. Therefore, in fixing prices he starts as a rule with what he considers cost. The difficulty arises when his information regarding cost is inaccurate or misleading. In his effort to develop his business he undersells his competitors, and when these prices are met he shades them again, not knowing exactly when the point of danger is reached or passed.

And so, as competition increases and prices are reduced, the weaker operators perforce drop out. The demand presently exceeds the supply, the prices rise, thus rewarding with generous profits those who survive. This new condition attracts new enterprises. The supply increases and prices fall again. The result is that in many industries extraordinarily prosperous periods alternate with exceptionally lean periods. These alternate periods of prosperity and depression are due partly, no doubt, to causes beyond the control of the particular industry, but it must be admitted that they are caused largely by faults and mistakes within the industry itself.

It is a remarkable fact that only relatively few enterprises become financially successful, and still fewer remain prosperous over long periods. Only occasionally is a business house encountered which has a history extending back over a generation, although there is no inherent reason why a business house, once established, should not go on indefinitely.

The profit factor is usually so small as compared with the cost of an article that any error in the costs, although the error may appear trifling in amount, must affect the profit factor by a very considerable percent-

age. For instance, suppose an article to cost \$1.00 and to sell at a net profit of 5c; an error of 1c in the costs, or only 1% of the whole, would encroach upon the profit to the extent of 1c out of 5c, or 20% thereof. Thus, it is seen that an error in the cost of an article has an effect on the net profit out of all proportion to its apparent importance.

A business may show a profit as a whole and yet it may not necessarily follow that profits have been earned on each item of merchandise, for losses on one class of goods may be more than offset by profits on other classes. The result of such a condition can only mean, in the long run, the loss of the profitable business to competitors and the retention of the unprofitable business which no one else wants.

Price Cutting and the Public

NO merchant knowingly sells an article below its actual cost, unless perhaps under very exceptional circumstances. It follows, therefore, that cutting of prices, resulting in keen competition, is generally the direct result of erroneous cost figures. If by cutting prices the merchant hurt only himself there could perhaps be no valid complaint, as he would very likely soon eliminate himself. But the effects of unsound competition must be considered in their relation not only to the individual, but as well to the industry as a whole, and to the consuming public.

By unsound business practices the individual ruins himself, brings down with him many of his competitors who must meet his competition, involving them all in losses for a time, and subjects the consuming public to erratic and violently fluctuating markets. If every member of an industry were fully informed as to his costs, the danger of underselling and price-cutting would be almost eliminated.

In recent years it has come to be recognized, therefore, that one of the most important activities of trade associations is to promote interest in accurate systems of accounting and to aid every member of the association with the installation of such systems.

Thus, what is specifically prohibited by the Sherman Law, viz, the fixing of prices by agreement, is practically accomplished without effort and without direct design merely by making certain that every member of an

industry knows his true costs, and then relying upon every individual to follow self-interest and fix prices based on sound economic principles.

Clean competition ought to center around quality and service rather than price. It needs no salesman to secure orders at cut prices; anyone can do it. The variation in the market prices of articles of the same kind will tend to become of decreasing importance with the spread of more accurate cost accounts.

When a materially lower price does appear it will be the direct consequence of more efficient operation and it would be only fair that the efficient operator should reap the benefit of his enterprise. But efficient operation and the elimination of waste are themselves among the most important objects to be achieved with the aid of accurate accounts.

In speaking of the advantages of accurate knowledge of costs one is often met with the argument that the selling price is after all based upon the market made by other sellers, and that no individual merchant can exercise any control over the price. This argument is, of course, childish, for in the long run the cost of production plus a profit must be recovered in any industry, and the sooner the real cost is known the sooner will the price find its economic level. Moreover, the man who knows it first will be the one to profit by knowledge.

The surest way to prevent any article being held for sale at an economically unsound price is to have reliable data regarding its cost most widely disseminated.

Although business men may be in sharp competition with each other, they have in fact a very well defined community of interest. The unsound and uneconomic practices of an operator affect directly or indirectly every other operator in the same line. An enlightened self-interest, therefore, demands every effort on the part of all to prevent each individual from creating disturbed business conditions. No other one thing will so help to stabilize trading as full knowledge on the part of all as to the real cost of production and of distribution, and to secure this knowledge is a matter of comparative simplicity, if the problem is approached in the proper manner and when the objects to be achieved are kept clearly in view.



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One-Millionth of an Inch, U. S. A.

By her world monopoly of the manufacture of precision gages Sweden held all our machine shops at her mercy—until a St. Louis newspaperman made a discovery

By THOMAS H. UZZELL

ACCURACY is not supposed to be a virtue of newspapermen. If you were looking for a man who could produce the most accurate machine work ever turned out in this country, or indeed in the world, you would scarcely go to the writer of the Sunday newspaper "specials."

W. E. Hoke of St. Louis wrote Sunday specials. He wrote them only for a living, however, and so naturally he did not take them seriously. But his experiments in his little shop at night—the shop being but a few steps from his bed—he did take seriously. Naturally. He loved this work. And in time he got what he was after: accuracy so great that the mind can't grasp it, so delicately true that nothing can measure it—except magnified portions of the waves of light!

The next morning he made an effort to announce his new discovery to the world. The world failed to rise to it. "What?" exclaimed several manufacturers who were approached, "you make precision gages? Impossible, sir. All our precision gages come from Sweden."

"Well," retorted the inventor, "there is no reason why they should come from there forever, is there?"

"It looks as if they'd have to. Johansson of Eskilstuna, is the only chap who can make them. He's had a world monopoly for twelve years. In the year 1917 our manufacturers rendered a considerable tribute to Johansson's monopoly, payment for this invaluable apparatus which they could not make for themselves. The Krupps of Germany tried to get along without them once, but instead they ordered extra sets."

"And how accurate are Johansson's gages?"

"They'll hold one one-hundred-thousandth of an inch at sixty-eight degrees Fahrenheit."

"The Hoke gage," persisted the newspaperman, "will hold one-millionth of an inch and, if you'll help me manufacture them, we'll be able to make them better and cheaper than the Swedish gages."

"Well, come around later when we're not so busy and we'll see what you've got."

But He Was in a Hurry

INVENTOR HOKE had no time now to "come around" more than once. "I've got to tell my idea to the scientific profession first," he said to himself. So he wrote to the Bureau of Standards in Washington, knowing that its business was to try out new ideas and that our war munition makers were appealing to it desperately for a quantity of precision gages, which it could not supply.

Director Stratton of the Bureau telegraphed: "Come at once." On arriving, the inventor was presented to a formidable committee of mathematicians, physicists and machinists. These gentlemen had been trying in vain for years to penetrate the secret of the Swedish machinist. By the "light-wave interference" method of measurement, the variation of distance between two surfaces, though no more than a millionth of an inch, could be measured by the deflection of the bands of light produced by helium gas. They were able to test the accuracy of the Swedish gages,

but they had not yet discovered a way of producing the gages themselves. The supreme difficulty was not so much to get a length of this degree of accuracy as to produce two flat, parallel steel surfaces equally accurate.

The inventor from St. Louis, in about five minutes, told them how to turn this trick. The biggest ideas are the simplest! Some machinery was at once set up and a test made. The idea worked. One of the Bureau's largest buildings was quickly turned into a gage factory, and the new gages, much more accurate than Sweden's "Joe blocks," began rolling out at the rate of two hundred a day. The new gages, too, instead of being domino-shaped like the Swedish ones, were circular, like cylinders, thus securing greater wearing surfaces, additional means of direct measurement, and greater economy in manufacture.

Testing Branches Followed

THE use of the Hoke precision gages, in improving the quality of our shells, big guns, airplane motors and hundreds of other war products is a stirring story of militant American industrialism well known to our manufacturing world. Suffice it to say here that during the war our machine shop superintendents literally streamed to Washington and to Bridgeport, New York and Cleveland, where gage-testing branches were set up by the Bureau of Standards. The factory men came with their hands full of master-gages, eager to get a spark of the sacred fire of accuracy for their work.

These master-gages are put to practical use in the following way: Each factory has its gage room or locker. Here the master gages are kept like little gods, to be consulted only on the most special occasions. The special occasions are the testing of inspection gages. These latter, only a shade less accurate than the locked up master gages, are placed out in the vulgar air of the shop where they can be easily reached by machinists. By them the shop men finally test their working gages, be they of the "snap," "plug" or "ring" variety, and so bring laboratory accuracy right to the drill or lathe or polisher, as the case may be.

Millions of dollars' worth of war contracts were being lost through want of the means for these tests. There were not enough of the Swedish gages to go around. But in the single month of June, 1918, 5,559 master-gages were tested, as compared with 244 tests the year before.

Our chief concern now, however, is not so much how Major Hoke's gages (the inventor was commissioned by the Ordnance Department) helped to win the war as to have a chat with the inventor and take a glance at their importance to the peace-time evolution of our industries.

I found the Major seated at his desk in the midst of the whirring machinery of the Bureau's gage factory. A few feet away an automatically moistened horizontal grinding stone was busily wearing away the surface of several steel objects beneath it. On the Major's desk were several gleaming, perforated discs, samples of the product of the new

factory whose mission is to raise the mechanical morality of American industries far above what it was before.

"I want you to tell me how you made your discovery," I began.

"Well," he replied, "I'd been working nights in my little bachelor quarters for some time on the problem, and one night I had a rush of brains to the head."

"What was your method of working? What was the scientific hypothesis you went on? Don't inventors always have a scientific hypothesis?"

"I didn't. My method was the same as that of nature. I can't tell you exactly what the trick is because it's a trade secret now. I've sold my rights to a gage maker in Hartford, Connecticut."

"Well, the main value of your method is that it absolutely controls the parallel surfaces of these discs, isn't it?"

"Yes, that was the thing Johansson could do and nobody else could."

"A millionth of an inch—how can one describe accuracy as great as that? My mind can't grasp it."

Adherence by Accuracy

HERE'S one way to see what it means," said the Major, as he took several of the steel discs, wiped off their surfaces and "wring" them together by sliding them one on the other. "Let's see you pull them apart."

I was unable with my fingers to separate them. To part them, they had to be "unwring"—slid off of each other.

"You see," said the inventor, "the surfaces are so flat that they stick together naturally. There is practically no air between them. This phenomenon is not yet understood, but it is conceivable that these surfaces can be made so very flat that when they are pushed together the molecular adhesion may be as firm as the solid metal itself. When that degree of accuracy is attained, it may be possible actually to weld together two pieces of steel in a cold condition. As a matter of fact, while we are now working in millionths of an inch, I think it entirely possible with my method of manufacture to secure gages accurate to the billionth part of an inch."

"What did you mean by 'nature's method'?"

"All I can say about that is this: nature produces sharper instruments than any man can make. If you take a fine steel needle, for instance, its point seems infinitely sharp, but that point, when seen under a powerful microscope, will look like the end of a busted telegraph pole. But you take the stinger of a bee or a hornet—the business end of their weapon of offense absolutely hasn't got any end. No matter how powerful your microscope, the end keeps on going to a point as far as you can see it. That is my conception of a billionth of an inch. Scientists and inventors don't know very much, after all. Dame Nature has no difficulty in working within a billionth of an inch, and by imitating nature we may possibly do the same."

"Is there a practical need for so great accuracy as a millionth of an inch?"

Dependable

Unfailing dependability is a characteristic inherent in every SERVICE Motor Truck.

Wm. Greenabery, in charge of transportation for a large middle west department store, speaking from a broad experience, says:

"Our Service Trucks are giving wonderful results. For the past six months we have covered daily suburban runs of 125 to 150 miles. The trucks have not been laid up for repairs a single day and have never had to be towed, tho running thru snows and the soft roads of spring."

SERVICE Motor Trucks are so scientifically designed and all parts are so carefully co-ordinated that dependable performance is assured.

SERVICE MOTOR TRUCK CO., WABASH, IND., U. S. A.

Distributors in All Principal Cities

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98

Service
MOTOR TRUCKS

"No, not in machine shops; only in laboratory work. One hundred-thousandth of an inch is accuracy enough to test master-gages. The master-gages themselves generally work in tolerances of one-thousandth of an inch. A tolerance, you know, is the distance between the maximum and minimum variations that can be allowed for acceptable work. The working parts of the finest automobile motors, however, have a tolerance of four ten-thousandths of an inch. This means that each bearing turned out must not vary from all others turned out by more than four ten-thousandths of an inch. The Liberty Motor, being designed for even greater nicety and being made in several plants and assembled in one place, required a still smaller tolerance."

"What do you think is the greatest value of your invention?"

"Well, it was a pleasure, during the war, to have the War Department serve a legal paper on me, threatening me with court martial if I spilled my idea to anybody else but it. That's pretty good proof that I did my bit. More than that, however, is the fact that Sweden's monopoly of these very necessary instruments is broken and America's industrial sovereignty is strengthened just that much."

In truth, the decreased cost of precision gages and their wider distribution among the machine shops of the United States marks a distinct advance, not only in our industrial supremacy, but in the advancement of civilization itself. In a material sense, the degree of standardization in any nation is a measure of its civilization. There is as much difference between the industrial advance of today and the crude beginnings of household craftsmanship in England a thousand years ago as there is between the laboratory precision measurements of today and the state of measurements in England in that distant day, when the yard was the girth of the king and the foot was the length of his shoe.

Standardization and that greatest of industrial discoveries, interchangeability of parts, are dependent upon precision measurements. The greatest scientists of ancient times possessed brains as good as those of scientists today, but little or no practical benefits resulted from their labors because they lacked the means of accurate measurement.

"The rôle of science," wrote Herbert Spencer, "is to predict." The predictions of scientists and engineers today are their designs and plans, and these latter are possible because their makers are masters of lengths, weights, volumes. It may yet turn out that the real reason for the fall of the Tower of Babel was that the cubit rules used by two of the engineers differed slightly from each other. In past ages men were subjected and regimented into gangs of slaves, while chaos reigned in whatever there was of manufacturing; but today we subject and regiment our industrial machinery and give man his freedom.

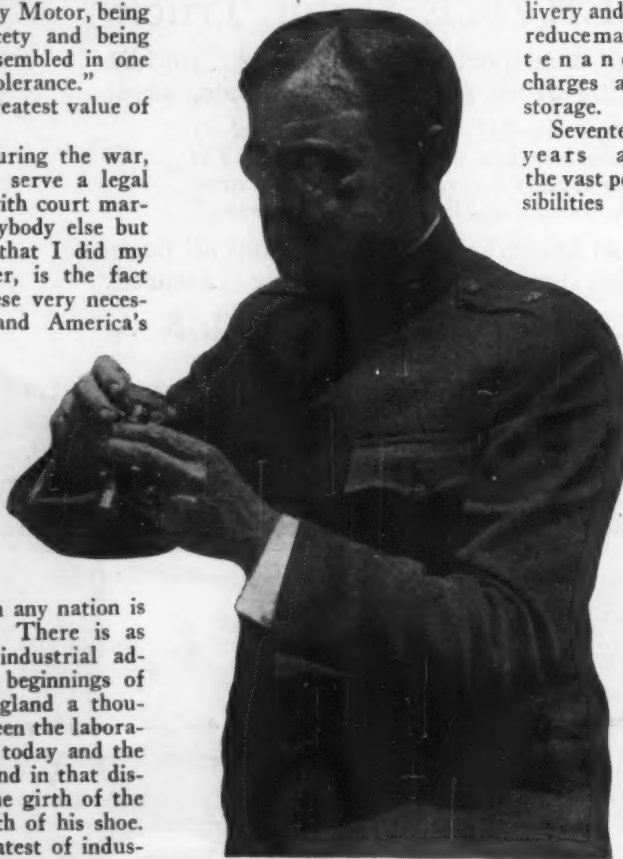
The leading scientists, engineers and manufacturers in both Europe and America are today eagerly taking advantage of these truths. They are statesmen enough to see that even between nations differences in languages, coinage, weights and measures, constitute barriers to intercourse, social and commercial, which tend to prevent interchange of ideas and commodities and so to hinder that mutual understanding which makes for peace.

They know that the United States did what it did to win the war chiefly by means of the

great progress already made in standardized, large scale production, and they propose that even greater victories of peace shall be fought and won by the same means. They recognize fully the limits to which standardization can go: standardization must not become crystallization. The standards recommended must be periodically revised and kept abreast of progress. The primary objects of standardization, moreover, are to secure interchangeability of parts, to cheapen manufacture by eliminating wastes of time and materials, and also to

expedite delivery and so reduce maintenance charges and storage.

Seventeen years ago the vast possibilities of



Major Hoke with a series of gages that cling together because of their smooth surfaces. These discs have raised the moral standards of American machinery above those of other countries.

this work were seen in England and the British Engineering Standards Committee was formed. From its nucleus of seven members this Committee has become a far-reaching organization with 160 committees, including in all 900 members, and dealing under one central authority with standards relating to practically the whole field of engineering. Similar committees are already in operation in Canada, France, Holland, and the United States.

The work of unifying machine shop units has, until very recently, been carried on only sporadically in the United States. Within the last few months, however, the need of a central, authoritative committee in this country has become so evident that, by joint action of five national engineering societies, an American Engineering Standards Committee has been formed. Knowing that the value of a standard depends upon its acceptability to all concerned with its use, a basis of membership which will make the committee's work thoroughly democratic and co-operative is now being worked out.

Never in the history of our industry has there been a more opportune time for pushing a program of this kind. More can be

accomplished now in a year than could be put through in a decade under normal conditions. The ability and willingness of the government's scientists in the Bureau of Standards to help in the research problems connected with this work has been amply demonstrated by their handling of the Hoke Precision Gage and thousands of other baffling engineering matters during the war. The burden of the continuance of this work during peace, however, will depend upon the voluntary, democratic efforts of the engineers in our industries.

The World Must Have Metals

METALS constitute a good share of the backbone of the world's industries. The situation respecting zinc has this month been considered by the American Zinc Institute in session at St. Louis. Zinc is one metal of which Germany increased production during the war, even exporting to neutral countries. Production elsewhere was still more largely increased, notably in the United States, and the smelting capacity is now so great that zinc is seeking new peace uses.

Conditions for American exports of iron and steel are becoming more favorable. Our ability to make quick delivery is an advantage that counts in times of scarcity. The whole industry in the United States is described as in a hopeful state of preparation for a future within domestic markets and abroad.

Copper is being produced in the United States at 60 to 80 per cent of the rate of last November or about the rate of pre-war days. Current prices enable most of the producers to operate. Production is largely against expectations of the future, being about twice the actual current consumption.

Gold would fall off in production if it came only from mines operated for its recovery; for high costs in the industry without an increase in selling price would have their effect. But gold is an important by-product to silver, and in silver mining there is an old-fashioned boom in some parts of the West. India wants silver, and China, Norway, Sweden and Russia will probably have demands. Stocks are practically non-existent, and London when official control of the price ceased a month ago is reported to have bid \$1.20 an ounce in the New York market. Silver mines see prosperity, and their by-product in gold may keep the production of the latter metal from falling off very seriously.

Lead, too, is a by-product of silver, and the producers of lead for its own sake fear a necessity of further curtailment if consumption does not increase rapidly. In present prices they see nothing over bare operating costs.

About 3,700 tons of tin are being used each month in the United States. This is a commodity for which we have to look abroad. Some of the government's stock which it has been selling at a price a third higher than current market prices abroad—through the device of a monopoly enforced by an import embargo—still remains, but after July 1 shipments will again be admitted.

Russia has left the world in the lurch in regard to platinum. Russia's industrial disintegration was largely responsible for a decrease in world production from 260,000 ounces in 1914 to 82,000 ounces in 1917. As a consequence, substitutes are coming into use, such as alloys of gold, zinc, and nickel.

Metals of all kinds had real war experiences, from the effects of which they take some time to recover.

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For Motor Trucks

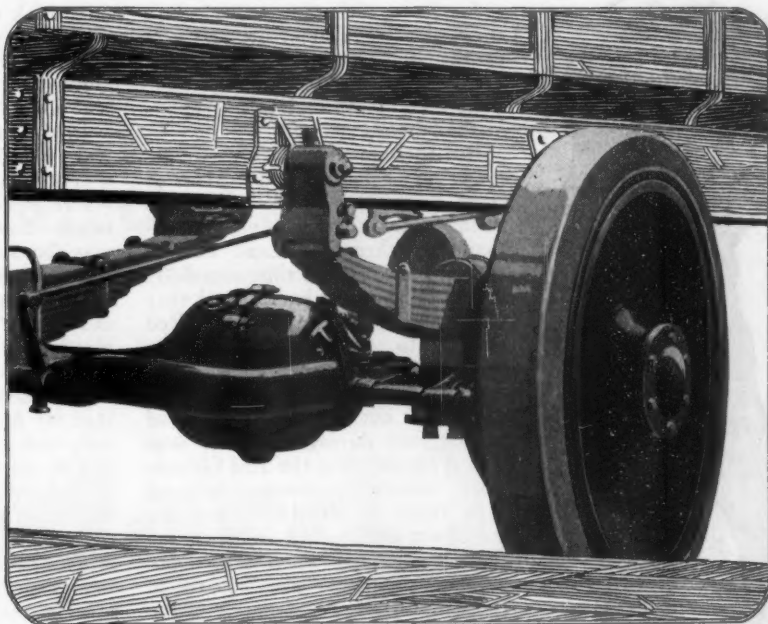
EQUIPMENT

A Clark Internal Gear Axle is to a motor truck what a full floating axle is to a passenger car.

Clark Disc Steel Wheels for motor trucks not only look stronger but are stronger.

*Clark Equipment is found
only on good motor trucks*

CLARK EQUIPMENT COMPANY
BUCHANAN ————— MICHIGAN



How the Reds Do Business

The experiences of a manufacturer with the Bolsheviki in a young country that had the disease and recovered

*As told to Berton Braley by Jacob de Julin,
Commercial Commissioner from Finland*

THIS is not a preachment or a political dissertation, but a plain narrative of personal experience by one who has been both a victim and an observer of Bolshevism in operation.

I have gathered here together incidents which Mr. Julin has told me at various times during the early weeks of our tour of America—a tour whose purpose was to tell American business men that Finland wanted American trade and how, because she had conquered Bolshevism, she would now be in a position to meet the bills growing out of that commerce.

So much by way of introduction. I shall ask you to consider that Mr. Julin is talking for the rest of the article:

Looking back at Bolshevism after it is all over is like recalling the dreams and delirium of a strange fever. With this difference, that the deliriums of an illness are only phantasy, and when the illness goes, they leave no trace behind; but our Bolshevistic nightmare left real scars from which we shall be long in wholly recovering.

Not business and commercial scars so much as spiritual and mental wounds. My brother was murdered by Reds that wanted his farm. Hundreds of my friends and associates suffered similar tragedies. Murder was used by the Reds as a mode of government and a means of persuasion. Take what happened in a pulp mill not far from the one of which I am head:

The Bolsheviki had taken over and "nationalized" this mill. After running it for a week or so they discovered that without expert guidance, technical engineering and chemical skill, they could not operate it.

They therefore sent a delegation to the former chief director of the mill. To the deposed manager and his corps of engineers they put a proposition that they should operate the newly "nationalized" mill in behalf of the Bolsheviki. They were refused.

"Very well," the delegation said, "we will come to see you again to-morrow."

That night two of the engineers were murdered.

On the second threat of the delegation they still found the directing heads obdurate in their refusal.

And that night two more engineers were deliberately murdered.

When the delegation made its third call the director and his engineers, frightened by the fate of their comrades, gave in. For the three

months of Bolshevik rule in the neighboring mill they devoted their skill and abilities to conducting the business. At the end of that time the Bolsheviks became aware that the White Guard, or anti-Bolshevist troops, were marching on the factory and would take it in a day or two.

They fled, but they left behind them the murdered and mutilated bodies of the chief director and his whole corps of twenty-four engineers.

Not all the Bolshevik memories are tragic. There is high comedy in an incident at my own mill, where the Reds were in control.

Finland is a dry country. But in the hospitals spirits are still used in the treatment of some diseases. My plant had a very well equipped sick bay, and in it was a fairly large store of liquor. When the Reds realized that the White Guard was on its way to expel them from control, they appointed a committee of twelve to destroy as much of the work as possible. This committee started in a direct fashion to carry out their commission. They blew up three ships, they wrecked a \$50,000 engine, and then they started for the six-million-dollar pulp mill.

An Old Villain Turns Hero

BUT on the way they paused at the hospital where they came upon the store of liquor. It was good liquor. They appreciated it so whole-heartedly that they drank nearly all of it. The result was that the whole twelve sank gently to sleep in the hospital and woke to find the pulp mill still intact, their work unfinished and the White Guard in control.

Thus in a prohibition country it was drink which saved one of its biggest industrial plants from destruction.

I was in Helsingfors during all the Red rule. One of the first acts of the Reds was to open up the prison for murderers and felons, turn them loose and put weapons in their hands.

But these men, strangely enough, made very bad terrorists. Most of them apparently had not much stomach for shooting people, particularly when it became certain that in the course of time somebody would be shooting back. And they were about the first of the Red Guard to surrender when the White Guard appeared on the scene.

To go out on the streets of Helsingfors during this rule was an adventure. But the Red Guards were somewhat better behaved than those in Russia. They did not shoot women and children, except accidentally when they were aiming at someone else. Early in the Red regime, the shooting in the streets bothered people, and they ran for shelter, but after a time they got used to it, as one does to

everything, and when shots echoed through town the people would smile at each other and remark: "Ah, they're shooting again."

One reason for this casual attitude was that we learned that the Reds were very bad shots and that about the only time they hit anybody was when they arranged a firing squad. Even then they sometimes had to make two or three trials.

In spite of the fact that whenever more than two people met in a room the Bolsheviks took them for conspirators, we did manage to arrange a few matters to "carry on," as the English say. For example, we wanted to keep up the pay rolls in our mills for the men who had remained unaffected by the Bolshevik regime. But the Bolsheviks had confiscated all the money. You can't pay without money.

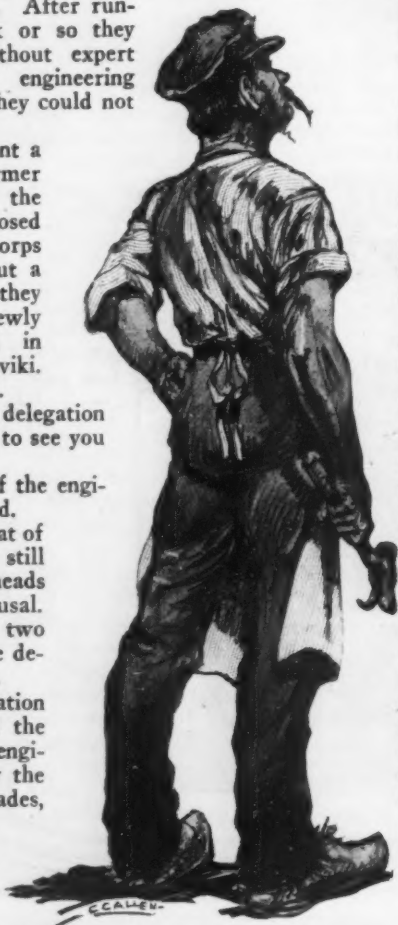
We found a way, however. By trustworthy people the word was carried to the storekeepers and merchants of Helsingfors that they should collect each Saturday night all the money left over after paying their help and running expenses. This they were to take to a certain secret place designated. From there a girl in the employ of one of the mills took the money to a certain other place, and eventually it reached the hands of the man designated to distribute it to the employers. It was paid out to the loyal help, who used it to trade at the stores.

In this way millions and millions of marks were handled for three months, and the Bolsheviks never could locate any of it, nor learn where it came from. When the Reds were finally driven out every cent of this money was accounted for and a receipt given to each man who had contributed.

We bourgeoisie were supposed to have all our money taken from us, but a good deal was hidden under floors, and I myself secreted thousands of marks behind the tapestry in my dining room. Food, too, we were denied, but that we hid in the walls and the cellars and even under flagstones.

The net result for Finland of three months of Bolshevik rule was the stoppage of practically all industry, the consumption of most of our food, and the disorganization of our finance because of the quantities of worthless money printed by the Reds. But we have largely recovered from all of those troubles. Our industries are operating, our food, thanks to Mr. Hoover, is plentiful, and as for that

(Concluded on page 70)





Announcement—

Effective June 4th, 1919

Standard Car Construction Company
Standard Car Equipment Company

are merged under the name of

Standard Tank Car Company

which will continue all the functions of the two companies, both as to the building and leasing of tank cars and all forms of steel plate construction

Standard Tank Car Company

Head Office and Works: SHARON, PA.

BRANCH OFFICES:

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Woolworth Bldg.

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Standard Tank Cars

A TANK CAR AN HOUR

Little Stories of the Nation's Business

High lights in the swiftly moving drama of American Business finding itself after the shock of peace

Finance

CORPORATIONS are not entitled to deduct from their gross income for the purpose of the income tax contributions made to religious, charitable, scientific or educational corporations or associations under a ruling of the Bureau of Internal Revenue. Deductions, the bureau holds, are applicable only to individuals.

A profit of \$17,000,000 was made by the government in the operation of the Marine and Seamen's Division of the War Risk Insurance Bureau. The Bureau, now that the submarine danger is over, will be discontinued.

The Textile Banking Company has been incorporated in New York State with a paid up capital and surplus of \$2,500,000 to perform the functions of banker for mills in the textile industry and to finance fundamental mill requirements.

A loan of \$1,250,000,000 to cover the estimated government deficit for the year and for other purposes has been authorized by the British House of Commons.

Revenue laws affecting such commodities as soft drinks, art porcelain, statuary, carbonated beverages, ice cream, articles sold at more than a specified price, and those to which the sales tax attaches, may become the subject of early legislation either modifying the provisions of the law or abolishing the taxes entirely.

Tariff revision during the present session of Congress appears extremely likely. The chairman of the Ways and Means Committee has announced that hearings will be held, beginning early in July. It is believed that before the hearings close the whole question of duty on imports will be covered.

Creation of a joint commission to report a plan for the adoption of a national budget system is proposed in a resolution introduced in the Senate by Senator Kenyon of Iowa. The commission would comprise the Secretary of the Treasury and two other officials of the executive departments of the government, three members of the Senate and three members of the House. It would expire by limitation December 31, 1919.

The nation's public debt reached a new high mark of \$25,921,151,270 at the end of May, as revealed in a Treasury statement just issued. This showed an increase of slightly more than \$1,000,000,000 during the month, resulting from new issues of certificates of indebtedness and payments on Victory Loan subscriptions.

Collection of the new taxes has created a great demand for pennies. Every mint in the United States has been put to work turning out one cent pieces to keep pace with the demand. By instituting a twenty-four hour day the output has reached ninety million cents a month.

Twenty executives of New York banks have taken initial steps in the direction of coordinating the financial and industrial sources of the United States for extending credit to European countries.

Under acts authorizing the issuance of Lib-

THE importance of these paragraphs is of inverse ratio to their length. They are culled from the business news of the month, and are boiled down to the very bone to make quick and easy reading. Among them are facts that can be applied directly to the opportunities and problems of your business.

erty Bonds bearing interest at four per cent or more, exemptions in limited amounts are allowed on each issue from federal income surtaxes and profits taxes. Total possible holdings of Liberty Bonds exempt from such taxes, giving these issues the same position as three and one-half per cent bonds of the first issue, may be had on a total of \$160,000 of Liberty Bonds.

It appears that the first revenue legislation to be brought forward at the present extraordinary session of Congress will be repeal of the luxury taxes. Republican members of the Ways and Means Committee have virtually agreed that a resolution providing for repeal will be the first legislation of the kind advanced.

Eugene Meyer, Jr., Managing Director of the War Finance Corporation, will go to Europe to ascertain what building materials, machinery and similar goods will be needed there in reconstruction work. The corporation is taking up with export interests arrangements for lending funds to cover export operations.

Foreign Trade

GERMAN machinery, according to the Journal of Commerce, is being sold in Holland at prices with which Dutch manufacturers cannot compete. The machinery is made by Krupps and, it is said, is sold under cost price.

The French Parliament is considering proposals to increase import duties. The proposals include ad valorem taxes on imports and a government petroleum monopoly. They are mentioned as accompanying a progressive removal of import prohibitions.

There will be little demand in Italy for American tractors in the near future, according to Commercial Attache Alfred P. Dennis at Rome. The country was heavily stocked during the war by government purchases. There are now six thousand American tractors in Italy and the Italian Government has contracts with domestic concerns for the manufacture of an additional fifteen hundred. Sales to individual Italian farmers are negligible. The government purchases the tractors and sends them out in squadrons of ten in charge of a non-commissioned military officer who plows for farmers at so much an acre.

The export trade policy of the United Kingdom since 1913 and during the war is the subject of a report by the War Trade Board. At the close of the war the total export trade

of the United Kingdom, other than with European allies, was only about one-third of what it was in 1913 whereas that of the United States was about four-fifths of what it was in terms of 1913 prices.

The American Chamber of Commerce in London says that if the position of sterling exchange on New York is sufficiently favorable British export restrictions on boots and shoes from the United States will be removed, or considerably relaxed, soon.

Cuba offers an excellent market, according to the Consular Service, for low price American furniture. Some American furniture is displayed in Havana but the prices are said to be almost prohibitive to a family of small means.

The entire government surplus of knit goods purchased during the war will be offered for sale for export purposes under an agreement by the Director of Sales and the War Service Committee on Underwear. If all of the goods cannot be disposed of in this way the industry will be consulted before the residue is placed on the market.

Restrictions on the exportation of silver have been withdrawn by the Federal Reserve Board. As a war measure licenses have been required for export stipulating that a price not higher than \$1.015 an ounce should be charged at the place of refining. Licenses are still required but they will be granted freely without condition.

Shipments from the United States to Czecho-Slovakia may now be made by way of Hamburg if consigned directly to the American Relief Association at that port for account of a named consignee in Czecho-Slovakia. Outstanding licenses which require shipment by way of Trieste, Fiume, or French or Italian ports will not be varied for shipment by way of Hamburg but new licenses will be issued upon application allowing such routing.

No interference with the shipment to the United States of goods of enemy origin owned by American firms with import licenses issued by the War Trade Board will be made by Great Britain. The War Trade Board will permit entrance of enemy goods now stored in Holland and Scandinavia providing the goods were paid for prior to April 6, 1917, providing they were stored in Holland or Scandinavia before that time even though not fully paid for, and providing they are wholly or partly paid for and of origin within territory formerly enemy but now open to American trade, when no enemy in territory still closed has an interest in the goods.

Acting with associated governments the United States has withdrawn all enemy trading lists. All persons in the United States are, therefore, permitted now to trade with persons outside the United States with whom trade has been prohibited by the Enemy Trading Act. Restrictions against trade and communication with Germany and Hungary and trade with respect to property in the hands of the Alien Property Custodian are not modified.

A weekly bulletin on foreign markets for agricultural products will be published by the



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Bureau of Markets of the Department of Agriculture.

The export conservation list now contains but nine items as follows: Ammunition, coal, coke, explosives, moving picture films, firearms, wheat flour, and wheat grain except seed wheat.

Venezuela now has in the United States a special industrial and commercial agent in the person of Dr. Jose Santiago Rodriguez, here to study means of promoting commerce between his country and the North American continent. Dr. Rodriguez later will go to Europe on an investigation of European trade possibilities.

The British Ministry of Munitions will take over, beginning July 1, all flax of the 1919 crop grown in Ireland.

With the aim of increasing coal exports the Shipping Board has created a new department to be known as the Department of Coal Exports. The Department is in charge of H. Y. Saint, of Seattle. Shipping Board officials believe there will be a big outlet for American coal abroad.

Canada is lifting her import restrictions. A recent customs memorandum indicates that the only commodities for which individual import licenses are now required are wheat, wheat flour, sugar, sardines and canned salmon.

General licenses will now be issued, according to a War Trade Board announcement, permitting importation into the United Kingdom of vegetables.

America is looked to to supply a considerable part of the future coal requirements of France. The coal situation in France is a complicated one and promises to continue so for a number of years to come. Before the war most of the coal was imported from England and Germany, as only an insignificant amount is mined in France. England, it is said, will be unable to spare the coal France will need and thus the United States will have an opportunity to furnish some of it.

Industry

CONTRACTS have been entered into by the War Department Director of Sales to dispose of surplus government supplies of sodium nitrate and sulphid of copper.

Producers of alcohol, meeting with the War Department Director of Sales, have suggested that the government surplus of alcohol should be held for use by government departments. It is agreed, however, that any surplus remaining after the various government bureaus are supplied should be disposed of by selling it back to the producers.

There will be no fire fighting apparatus sold by the government, according to announcement by the War Department Director of Sales. Properties operated by the government during the war were not completely equipped with apparatus and a redistribution of fire fighting material is being made.

Surplus property sold by the government from January 1 to April 18 totalled in value \$156,083,166. This represents 91 per cent of its original cost. In the week ending April 18, \$16,450,000 worth of stuff was sold. The larger items comprising the total sales for the entire period are textiles, railway rolling stock, lumber, and animals.

Surplus materials valued at slightly less

than a quarter of a billion dollars have been disposed of by the surplus property division of the War Department. The goods sold brought about 88 per cent of their original cost. It will take several years to get rid of all materials on hand.

Industrial Relations

AN APPROPRIATION of \$4,700,000 for the maintenance of the United States Employment Service for the next fiscal year has been asked of Congress by Secretary Wilson. The Service was cut down sharply at the expiration of the last Congress because of the failure to give it funds on which to operate.

As the result of an appeal by the Chamber of Commerce of the United States to commercial organizations, suggesting a network of intercommunication to bring about proper redistribution of returned soldiers, a considerable number of organizations have assumed this responsibility and have designated agents to act as their representatives with whom other commercial bodies may communicate when necessary.

Government control of telephone and telegraph lines would terminate immediately under a joint resolution introduced in both houses of Congress. The legislation, it is said, will be given early consideration in both houses.

Vocational rehabilitation of persons disabled in industry would be provided in a bill now before the Senate. The plan proposed contemplates federal appropriations and state aid equal in amount to the sums contributed by the federal government. Appropriations beginning with \$500,000 and increasing to \$1,000,000 annually are proposed.

Eighty-eight per cent of industrial accidents are due to man failure and are not chargeable to machinery, according to statistics cited by the Department of Labor. The figures compiled by the department show that seven hundred thousand men and women lose limbs or are laid up for an average of a month every year because of industrial accidents.

Copper and silver mines of the Southwest are said to be suffering from a serious labor shortage. The boom in oil has taken many workmen from the mines at higher wages.

Agriculture

THE YIELD of winter wheat this year, according to an estimate by the Committee on Statistics of the Chamber of Commerce of the United States, probably will reach 900,000,000 bushels, or about 33 per cent more than the great harvest of 1914. Seeding of spring wheat was delayed by excessive rains.

A large amount of barley formerly used by brewers, according to Armour & Company, will be available for stock feed. This grain makes excellent cattle feed, it is said.

Herbert Hoover declares that Europe, outside of Russia, will need seven hundred million bushels of wheat and rye, and perhaps as much as eight hundred and fifty million bushels, to prevent starvation. The figures are based on a survey made by the Inter-Allied Relief Association.

Retail food prices reached a level within three per cent of the highest point reached in December, 1918, as calculated by the Department of Labor.

Forty states have endorsed Secretary Lane's proposal to provide employment and rural

homes for returned soldiers and sailors. A bill embodying the secretary's plan is before Congress. More than 50,000 soldiers have already written to the Department of the Interior expressing a desire to obtain farm projects.

The extent to which America was dependent before the war on Germany's chemical production is disclosed in a census of chemical imports recently issued by the Bureau of Foreign and Domestic Commerce. It is shown that some \$45,000,000 worth of manufactured chemicals were imported into this country in 1914, exclusive of dyestuffs. Of this amount 40 per cent came from Germany.

The Agriculture Department will send E. A. Foley as the first agricultural trade commissioner to foreign countries, in the interest of American food producers. Mr. Foley will represent the Department in Great Britain, investigating conditions and studying the marketing and distribution of food products.

Investigation by the Bureau of Mines shows that poison gas developed during the war cannot be used to free American farms of rodents and insect pests. Experiments disclosed that while the pests were killed there was great danger of injury to livestock and persons when wind spreads the fumes.

Transportation

THE GOVERNMENT's authority to override intrastate freight and passenger rates under powers conferred by the Joint Resolution and the Railroad Control Act has been upheld by the Supreme Court of the United States.

Special rates of two-thirds of the usual round trip charge for transportation to conventions of religious, fraternal, educational and military organizations are authorized by the Railroad Administration. Regional railroad directors will examine statements of the nature of each convention for which special rates are sought to determine whether it comes within the class for which the reduced fare is intended.

A report issued by the Interstate Commerce Commission dealing with the subject of bills of lading rules that the provision of long standing that the measure of carriers' liability shall be computed on the basis of the value of the property at the time and place of shipment is in contravention of the Cummins amendment and, therefore, is null. This ruling is important in its effect on the adjustment of claims for losses, damage and injury to property.

A sum of \$1,200,000,000 will be required, according to Director General Hines, to cover the 1918 deficit in the operation of the railroads and to meet 1919 requirements.

Internal Relations

TWENTY students will be interchanged between the United States and Sweden next year for the purpose of extending scientific knowledge and perpetuating friendly relations.

Shipping

THE ANNUAL REPORT of the National Mercantile Marine Company shows a loss of forty-three steamers of 409,967 gross tons during the war through German submarines and mines. All losses were covered by war risk insurance.

The shipbuilding program has been greatly reduced since the signing of the armistice. Contracts suspended or canceled represent 754
(Continued on page 75)



Putting 100 Minutes into an Hour

BOB—coming in the door—knows how to put 100 minutes into an hour. His desk was cleaned up long ago. Jim—at the desk—doesn't. At five o'clock he still has a lot of his day's work to do.

In Bob's office they use printed forms to take care of time-consuming detail. There is a concise, well-thought-out form for every purpose. These forms are printed on paper of different colors, to expedite handling. The paper is Hammermill Bond—its twelve colors and white give the desired color variety, and Bob learned long ago that there is more real economy in saying, "Use Hammermill Bond" than in cluttering his desk with paper samples every time he orders sales slips or letter-heads.

Hammermill is the lowest-priced standard bond paper on the market today. If you want to see what a strong, substantial business paper it is, write us for one of our Hammermill Portfolios. It will show you Hammermill quality, color variety, and its three finishes—bond, ripple, and linen. It will show you specimen forms others have used to put more minutes into every working hour.

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HAMMERMILL BOND

"The Utility Business Paper"

A slip to pin on a letter you want someone else to answer.

Mr. _____

Please answer this Letter at once

Suggestions: _____

Show me copy Yes No

Signed _____

Date _____

Full set of thirty portfolios sent free to printers, who will find them of marked value when approaching new customers and building up business.

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A sane plan by which a town can capitalize its advantages without indulging in the hullabaloo of a senseless and expensive boosting program

By CARL HUNT

WHAT would you think of a manufacturer whose product was in demand who would fail to make effective use of sales-creating facilities at hand just because it was not immediately possible to inaugurate a whale of a selling campaign?

But wait a minute. Don't answer that until you ascertain whether the reply would apply with equal force to you and others in your own community whose interests depend upon the growth of your community.

For isn't that precisely the situation with many communities whose commercial organizations are doing nothing toward "selling" the community in a practical manner because the time is not ripe for a big campaign for funds for a survey of resources?

Between that senseless form of "town boosting" in which so many cities indulge on the one hand, and the scientific survey which calls for a considerable fund on the other, there is a happy medium which few communities have attained.

So much so-called community promotion is a concoction of lack-of-plan and meaningless superlatives.

Yet in every community that is capable of healthy growth there are certain things which should be perfectly obvious to those in the city whose interests would be enhanced through development work.

Application of the simplest business methods would discover them, and the community would cease to grow more or less by accident and local people would no longer be called upon to invest, from time to time, in this, that or the other enterprise that has been lured into a community where it does not belong by a bonus that is as silly to accept as to offer.

The Uses of Common Sense

EXPANSION of a healthy and certain kind can come through a simple process of analysis based on every-day business common sense.

In the first place, what are the *general* industrial advantages of the community? In this respect, it is well to apply that rule of the successful advertiser that it is not necessary that all his talking points be exclusive to his product. Even though five of his seven chief points may be common to many other similar products, they will become *his* talking points if he talks about them and the other fellow does not. The best bed-spring salesman I ever knew depended chiefly upon a talk to the dealer that was almost entirely based upon a point that was common to all similar coil bed springs, but which, when repeated, in turn, by the dealer to the customer, would close sales. The difference was that this salesman talked the point while other salesmen, for this and other companies, were always looking for new and varied points.

Climate, schools, water, shipping facilities, proximity to market or raw materials, industrial conditions, housing facilities—all of these and similar community assets can readily be summed up by the people who have lived in a community all of their lives. Yet the community that is to be studied by its own people

may find that it does not excel especially in any of them without necessarily having a feeling of discouragement.

What industries does the community now have, and why? Which of them are best established and most profitable? Why have they prospered? If there are three factories of a certain kind and fourteen of another, why the difference? What are the chief reasons that have been behind the establishment and growth of the leading industries?

There are people in the community who know the answer to such questions. Possibly the present people in that line will be broad enough to see the advantages of local competition in the same line, and will divulge the information. Possibly there are bankers who know, or business men in other lines. Here are some questions which may be asked:

Why do we now have these factories?

What are the reasons for this growth?

Is there anything which the community can do to aid in the further natural growth of these industries or to enhance the desirability of the community as a site for additional industries in the same or in similar lines?

By the application of another rule of business, industrial growth can often be encouraged.

There is an old saying among merchants that there are just two ways to increase their volume of business. One is through the sale of merchandise to more people; the other, through the sale of more merchandise to present customers.

What is the community doing to help present industries? Is some manufacturer handicapped through the lack of street car transportation for his men, or through the need of a railroad switch that a stubborn City Council has declined to authorize, or through some other restriction which might easily and properly be removed?

Or could additional capital be invested in the present enterprises of the city, to the benefit of the community and the profit of local investors?

I am well acquainted with a small Indiana city which in time past has undertaken to be the home of a rolling mill and a large tin-plate mill, though there was no apparent reason why either should have been situated there. Both of them failed.



In the meantime, the whole community stood upon a foundation of stone which was of excellent quality for paving purposes, and from which lime could be, and later was, produced. The one man who entered the stone business there eventually had a thriving trade which later, passing into the hands of outside people, grew still larger. With fuel—a good grade of coal—but a few miles away, and with such stone deposits, this community might have developed along this line had local capital become interested, or had the community made a serious and well-directed effort to interest stone men from other places, for the city has excellent railroad service—three main lines—and is within easy shipping distance of several important cities which afford a large market for crushed stone.

Riches Under Their Feet

BUT alas! The town already had the stone quarry. Local people had seen it grow from small beginnings. They appeared to believe that the success of the enterprise had been dependent more upon the skill of the man who developed the business than anything else, while, as a matter of fact, he was not in any measure a remarkable man. The people of the town did not recognize the fact that the stone under their very feet was the chief factor, and that other quarries might be established. The city had the stone and, thanks to the enterprise of the one quarry man, local labor was trained to a point where men could have been obtained to help train other men in the business. The one pioneer had established a market, and therefore a reputation, for the stone of that district, and additional quarries would have helped him sell more stone, of course, for promotion work on the part of others would have helped spread the fame of that district as a stone producing center.

But there was novelty in the tin plate mill promotion, and that city just would have its tin plate mill, though there was hardly a solitary reason—and certainly not one dominant reason—why the mill should have been established there.

In another small Central Western city, you may ask the identity of quite a large building and ascertain that it is a piano factory. Yet there are better locations for a piano factory in any one of thirty or forty other communities in the same State. And had the capital which went into the factory been invested in the tile industry, it would have been better invested, and it would have been better for the community, too, for the district boasts both an excellent grade of clay for tile and bricks, and below the clay are deposits of coal with which to burn the clay, while the city already has labor trained in this business, in addition to shipping facilities, water, and other essentials to growth.

A small but enterprising city in a coal-producing section of Ohio has displayed better judgment, and with profit both to the investor and the community.

It has both clay and coal, and, in some measure, it has natural gas, though it is not as plentiful as at one time.



*Finished pieces are laid on trailers.
Tractor picks up loads on regular
schedule. Rehandling is avoided.*

What Do YOU PAY to Move Material?

How much does it cost to move raw material and partly finished product through your plant?

"Too much," you will say, if you are moving loads by man power.

Your costs can be cut considerably—as much as 50 per cent—by using machines instead of men.

Keep Your Product on Wheels

Haul heavier loads—make fewer trips—use fewer men. Link up your haulage *system* with your manufacturing plan.

Keep your product on wheels from the time raw material is received until the finished product is shipped.

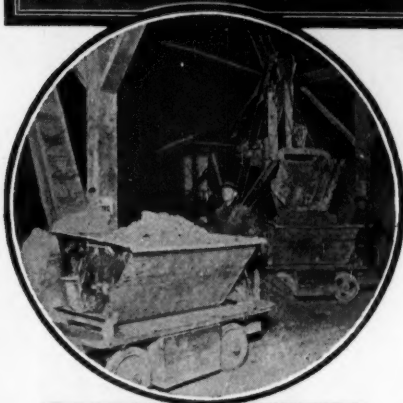
A tractor and trailer installation will do the work of six men—in most cases more.

And the haulage system will pay for itself in a short time.

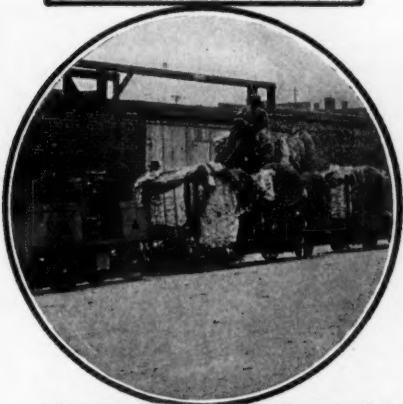
Lakewood Engineers will gladly help estimate what a power haulage system will save you. No obligation on your part—get the facts.

THE LAKEWOOD ENGINEERING COMPANY
CLEVELAND, U. S. A.

*Offices in New York, Boston, Philadelphia, Washington, Pittsburgh,
Detroit, Chicago, Milwaukee, Salt Lake City, Los Angeles and Seattle.*



*Lakewood Storage Battery Trucks cut
handling costs 40% in this plant.*



*Lakewood Tractor in Riverside Cotton
Mills, Augusta, Ga., handles hundreds
of bales each day in long trains.*

Lakewood Industrial Haulage

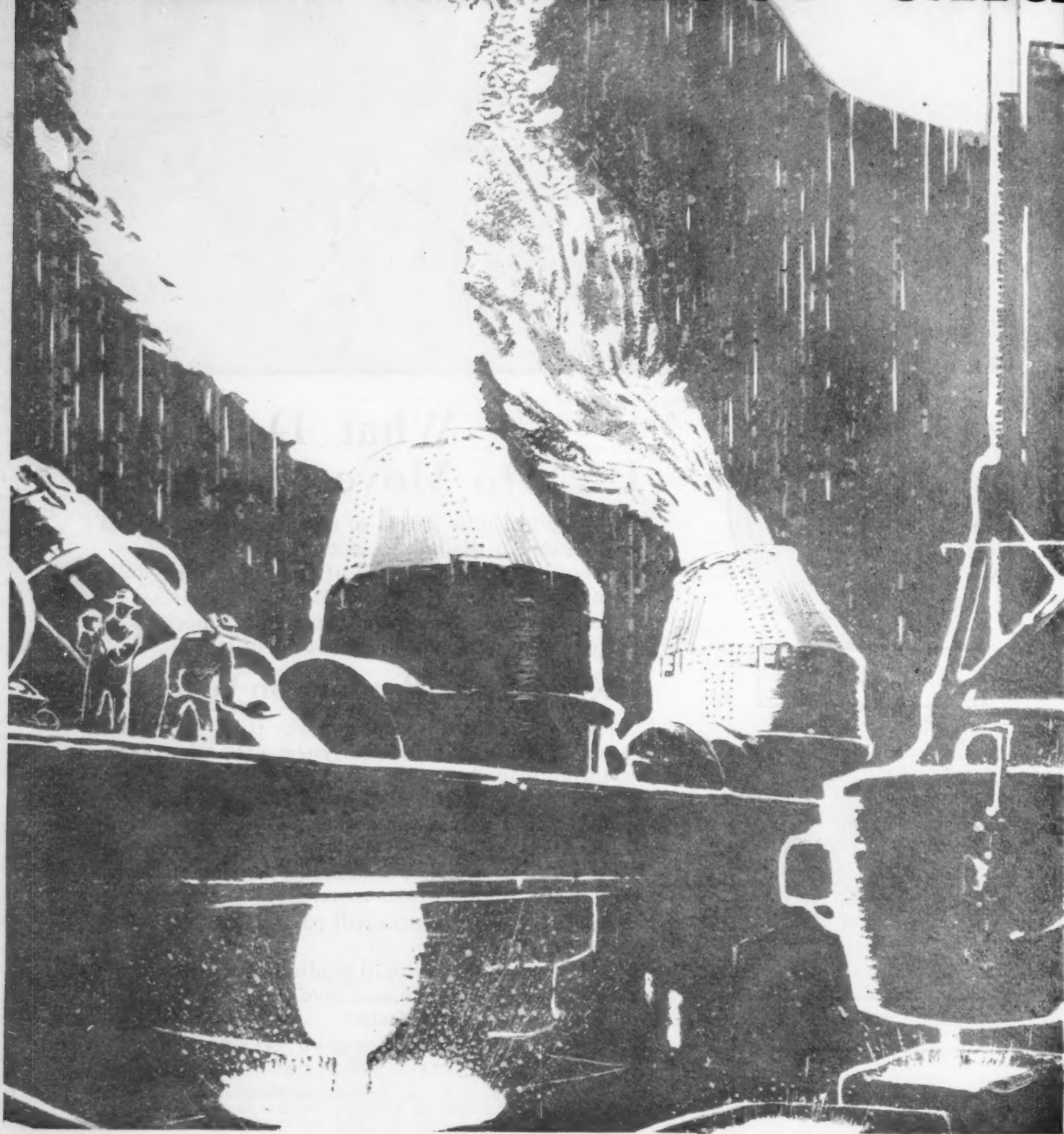
FLAT WHEEL. FLANGE WHEEL.

ALLIED

Export Department
ALLIED CONSTRUCTION MACHINERY CORPORATION
120 Broadway New York U.S.A.

ALLIED

Rivers of Steel and



Adding—Bookkeeping—Calculating Machines
Burroughs

the Bend in a Hairpin

Glowing furnaces, white hot rivers of steel, showers of sparks and vast, dusky workshops capture the imagination.

By contrast, how insignificant is the humble hairpin. How prone we are to consider the little notions store of less account than the furnace and the mill.

But the thousands of useful articles demanded by the masses created and will maintain the steel industry.

It is the business ability and success of hundreds of thousands of "average" business men that makes possible the large markets for captains of industry and transportation.

When profits turn on pennies, where exact information is essential to success, mathematics are as indispensable as in checking the analysis of a "heat" of steel.

In all this vast business of buying and selling, the solid base on which the great productive industries rest, the adding, bookkeeping and calculating machinery that has developed from the original invention of William Seward Burroughs is every day a more and more important factor.



Adding—Bookkeeping—Calculating Machines
Burroughs

But the business men of this community discovered, some years ago, that a considerable portion of the savings of its people were flowing out into the hands of promoters of wild-cat schemes, and that other funds were being invested outside the community in enterprises that were certainly no more promising than the community itself could afford.

So a committee of members of the commercial organization was formed, and it was announced that this committee would pass upon investments offered to the people—this being before Ohio had a "blue sky" law. The commercial body frankly announced that capital was needed for the further development of the city's natural resources. While members of the commercial body pledged themselves to give preference to local investments, there was little difficulty in gaining almost as complete co-operation from non-members of the organization. Money was kept at home, and it went largely into the financing of the city's natural industrial expansion.

Here was another instance wherein the natural course of development was most obvious, but in this one the people saw it, while in so many instances they overlook it.

In an equally effective way, though by an entirely different method, a Southern com-

munity which has prospered through the fact that it has become a furniture center, recently announced a plan which will no doubt yield community growth and a safe investment for local people.

It was announced that a company would be organized for the purpose of selling furniture by mail, thus increasing the output of present factories and providing, without doubt, an outlet for still other kinds of furniture.

Contrast the intelligent employment of present opportunities in the Ohio and Southern communities with the lack-of-plan situation in most cities.

Contrast it, if you will, with the attitude of an Indiana city which found, not long ago, that the one chief industry of the community, a glass factory, would likely move because the supply of natural gas, which had attracted the factory in the first place, was about to fail.

In the gas boom days the community had sunk gas wells and had invited this factory to come. But the old spirit soon died, and no effort was made to get additional gas or the additional factories which would have resulted.

And when the glass manufacturer found the supply failing, two or three years ago, he

appeared to be about the only person in the community who was particularly concerned. There was some vagrant talk of the possibility of finding additional natural gas. But nothing was done about it until the manufacturer himself decided that rather than move his home, he would take a chance on a new well. He found gas and is still there, though not through the enterprise of the city, which would apparently have allowed him to move away rather than bestir itself.

And even now there is no movement for sinking additional wells, though this experience indicates that such wells might reasonably be expected to pay.

A manufacturer who finds that there is a market for a certain product does not abandon that and turn to something which his facilities are not capable of making. He multiplies the product for the manufacture of which he has equipped himself.

By the same token, the business man who is interested in community development needs to look about him, analyze what he sees, and while undertaking the improvement and further promotion and enlargement of present factories, seek new ones in the same or in a similar line, if it appears that there is room for them—and there usually is.

The Other Forty Per Cent

Last year we sold sixty per cent of what we might have disposed of to our good friends in the Orient. What does the Far East want for the credits in our banks?

By F. R. ELDRIDGE, Jr.

Chief, Far Eastern Division, Bureau of Foreign and Domestic Commerce

LAST year we sold only sixty per cent of the goods we might have sold to the Far East. Assuming that the billion dollar's worth of Far Eastern products which we imported were returnable in goods or gold, the ratio would have stood sixty per cent in goods and forty per cent in gold. But, aside from a comparatively small amount of silver, no bullion left this country. Consequently, Far Eastern producers have, theoretically, four hundred million dollars on deposit in this country on which they are at liberty to draw in goods, but not in gold.

What do these producers want in exchange for this credit in our banks?

The Far Eastern Division, in a sense, was created for the specific purpose of answering this question, and we have answered it in many hundred different instances since the first of last July. To devise a composite answer, applicable to every case, would seem an Herculean task, but out of the chaos of a multitude of individual inquiries we have been compelled to create an order of thought which has become the basis of a formula for our work.

To begin with we must state a truism. We can only sell what we can manufacture. The word "manufacture" is used advisedly as implying something more than the mere productive effort of a few scattered makers of articles designed primarily to fill a small domestic demand but released desultorily upon the foreign market in a complaisant and almost reluctant manner. Eliminating such efforts with the same consideration bestowed upon them by their originators, there remains a comparatively small and well pronounced line of American goods manufactured on a more or less scale production basis. These goods are either being sold in the Far East in large

quantities at the present time or they have too recently reached the scale production stage to figure largely in Far Eastern trade. They may be entirely unadaptable to Oriental habits and customs of life and, therefore, find only a relatively narrow market among the better class of natives and Westerners.

With the exception of Siberia, Australia and New Zealand, the Far East can be dealt with practically as a whole. Throughout the remaining Oriental countries the same general religious and social conditions prevail. We have all been impressed with the low wages of the East but we have not yet come to appreciate the low efficiency. Labor saving is not generally practiced for the reason that labor is the most plentiful single commodity. This would naturally eliminate a large class of our manufactures, designed primarily to save labor, but not as completely as may be supposed. Where the labor saving device has the added virtue of economy in operation and of real utility and may be easily handled by unskilled labor it is being adopted to a marked degree.

Thus an automatic coal stoker is used in the heart of China largely because of its efficiency as a coal saver and its comparative ease of operation. The Oriental has a passion for economy in material. Centuries of living just ahead of actual starvation have taught him that to waste is to want and the assiduity with which this maxim is practiced sustains enormous populations on comparatively small cultivated areas.

To continue the process of elimination, or of delimitation, the class of our manufactures which we term novelties does not find the ready and universal acceptance in the Far East that it does in less conservative and more progressive regions. Certain one time novel-

ties, however, have outgrown the term and in this stage their adoption by the Orient becomes more and more pronounced. Thus the sewing machine is generally adduced as a ready example of unparalleled success in Far Eastern merchandising whereas its adoption was due more to its adaptability to the small business of the Oriental and the possibility of its doing more and faster work than the individual.

This leads to the consideration of price as an eliminating factor. The Oriental must pay heavily for his imported necessities and luxuries. Every piece of steel imported has added to its cost a certain amount of freight, insurance and duty. The same is true of every piece of imported cotton goods, every imported cigarette and every gallon of imported kerosene. Assuming that the Western manufacturer is not "dumping" (and domestic competition in the Far East up to this time has not been great enough to warrant this evil) he is selling the same identical goods to the Chinese or Japanese consumer as he is to us, with an addition of anywhere from 75 to 100 per cent for hauling it half way around the globe.

To state it more succinctly, the Oriental must work long enough at a sixth of our pay in order to accumulate just twice as much money to pay for the same safety razor as is supplied us at what amounts to one-twelfth the exertion. This is a serious factor and one that is being more and more constantly met by domestic Far Eastern manufacture so that in time it will be entirely overcome so far as the necessities and semi-luxuries are concerned.

This price problem may only really be overcome in one way. Those lines in which, by reason of established scale production and accessible raw material, we are peculiarly

WELLS BROTHERS for Construction

One of four mammoth mail order warehouses we have built at Chicago and Kansas City for one client



RICHARD E. SCHMIDT GARDEN & MARTIN ARCHITECTS CHICAGO

"Economically Handled to Our Complete Satisfaction"

*Building Operations
for Montgomery
Ward & Co.
on Cost-Plus Basis*

If Mr. Robert J. Thorne, President of Montgomery Ward & Co., were to say to you—as he wrote to one of our prospective clients

"We have found Wells Brothers to be competent, well organized and very broad minded in their business principles. We regard them as especially competent to handle large contracts where local conditions are somewhat difficult. They have erected several buildings for us on the basis of cost plus a fixed sum profit. All such transactions have been economically handled to our complete satisfaction. They have a large organization, prepared to handle efficiently any work entrusted to them and we gladly recommend them in every respect."

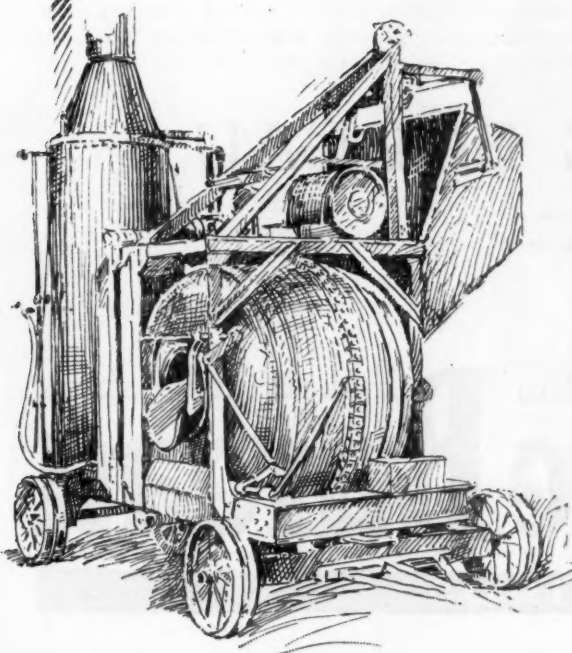
you could entrust your coming building operations to us with the fullest confidence that we would work wholly in your interests to produce the best building in the shortest time, at least cost.

Write for our booklet, "Building Within the Estimate."

Wells Brothers Construction Co.

Builders

914 Monadnock Building, Chicago



Solving the Housing Problem of Niagara Falls, N. Y.

The housing shortage is beginning to pinch. Unsettled conditions and the hope of lower prices, which probably will not soon be realized, promise to result in little or no building until the spring of 1920. That means no relief for a year and a half, with conditions growing steadily worse.

Shutting our eyes to housing shortage doesn't build houses. If your community has a shortage which is not generally recognized, then you need concrete facts to prove it. If the situation is clear to everybody, then you need practical plans for relief. We can make the particular kind of survey which will meet either need.

While bearing in mind the sociological factors, we work from the *business* standpoint and aim to reach conclusions which a business man will accept. The following example is typical.

The manufacturers of Niagara Falls, N. Y., believed they were facing a housing shortage. The city, one of the chief chemical manufacturing centers in the country, has a large foreign population, an important phase of any housing problem and one we can handle. We were called in to establish the facts. Under the direction of a Housing Committee, representing the employers of the city, we made a survey to determine the existing shortage, to estimate probable future needs, and to suggest advisable procedure. Our report included specific recommendations as to the kind of houses re-

quired, with regard to design, arrangement, material and costs; how many of each kind were needed; the capacity of the workers to absorb each kind by rental and purchase; the best building locations with respect to land values, transportation and special housing needs of the various plants; alternative methods of financing and securing co-operation in a housing development, with plans for administering it. Our report was not merely an inventory of facts, but it outlined a detailed plan, now being followed in the construction of approximately \$1,000,000 worth of houses.

Our organization has the experience, information and facilities to make a similar survey for any community or industry. Surveys by inexperienced persons are exceedingly costly and often useless. Write for further information and let us estimate what such a survey would cost you.

INDEPENDENCE BUREAU

H. W. FORSTER, Vice-President
H. P. Weaver, General Manager

Rochester
Cutler Building

Philadelphia
137 South 5th Street

Chicago
Peoples Gas Bldg.

Fire Prevention — Accident Prevention Industrial Relations
Independence Bureau
ESTABLISHED 1905

fitted to excel, such as machine tools, automatic machinery, low priced automobiles, standard shaped shoes, certain chemicals of whose constituent raw materials we possess a naturally abundant supply, dyestuffs and a dozen other of these standard American products, we must manufacture for foreign trade as well as domestic trade. If we are satisfied that a market exists we must make the goods in such quantities that the lowered cost will sell them, creating its own demand.

If American automobiles can be placed in Japan at 50 per cent less than the normal price, a vast body of prospects not otherwise open to consideration will be created. When automobiles are within the reach of the average middle class Chinese there will be four times as many prospects, proportionate to population, as exists among a similar class of a corresponding purchasing power in this country. And with this possibility of acquisition, will come a decided desire to use them, involving an impetus to road construction, a betterment of internal communication, a rise in wealth of the interior producer now compelled to dispose of his products as best he may within a restricted area, and a consequent increase in the purchasing power of the Chinese people.

But there are certain of our manufactures which have not yet attained a production sufficient to contemplate any such campaign. This may be

due to a variety of contributing causes, but in its last analysis it is due to the comparatively light domestic demand. The product may be an absolute luxury which has been "taboo" during the war, or the industry may just be striving to hold its own and fill a demand which formerly was supplied from abroad, and is fortifying itself for post-war competition. Foreign trade secrets may be handicaps and formulas only partially worked out. It is necessary for such industries to carefully determine the foreign market and decide whether an expansion necessary to serve the market efficiently is warranted.

A Field for Novelties

THE last group consists of those goods which are entirely unadaptable to Oriental needs. And they are surprisingly few. Many enterprising importers in the Far East keep track of all the many articles advertised in the American magazines and a great many apply for agencies. The warehouse of a large import house in the Orient, if the cases were opened and the goods exhibited, would closely resemble a large department store. The fact is there is some demand for almost everything, although it may be strictly limited to a couple of thousand foreign residents of mixed nationality with perhaps only ten per cent or less Americans.

It is from these introductory sales to the foreign residents that some surprising sales campaigns have originated.

One of the largest phonograph industries in the Far East was started some decades ago through what was then considered the sheer stupidity of the manager of an import house in purchasing a large stock of machines and records. The order was much too large for the demands of the foreign population and when the goods arrived they were sold to a native jobber at less than cost. No one was more surprised than the head of the import house when the jobber sold them promptly and placed an order for more. A million dollar local factory now manufactures phonographs and records for this market.

Nothing but an intimate discussion of the life and customs of the many Oriental peoples would adequately set forth the reasons for the adaptability of certain goods. Fortunately these are quite generally known but only long residence and intimate association can give the thorough knowledge which is essential to a proper classification. Many limitations are modified by changing conditions which are constantly tending toward modernization. Internal developments in transportation, mining and industry are constantly changing the status of the Far Eastern markets for our goods and the movement is tending toward a greater demand and a broader market.



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A short childhood and a merry one—that is the rule in Japan. Like other countries of the Orient, Japan's greatest surplus is humanity, and most of the Nipponese start early in the ancient struggle against poverty. While he is

lavish with labor, the Oriental has a horror of wasting material. An American mechanical stoker was installed in the interior of China, not because it took less men to operate it, but because it was saving with the coal

The Battle of North Dakota

Already the fight between the mail-order houses and the retail merchants is on—here is the plan of campaign upon which the resident forces base their hopes of victory

By F. P. MANN

ABOUT a year and a half ago I was elected President of the Retail Merchants Association of North Dakota. I consented to take hold of it partly through the solicitation of the jobbers and dealers of the state, the sentiment being that they must go to the jobber and manufacturer in the East in order to get their goods at the right price.

I immediately started an investigation to find out what was the trouble with the merchandising in my state. That work I have been in for the last year. In North Dakota the consumer, who is the great majority, has taken over the entire management of the state. They have voted five million dollars to build elevators. They have voted two million dollars to open and establish the Bank of North Dakota along the lines of the Federal Reserve Bank with a working capital of a hundred and fifty million dollars. The Utility Commission of the state and the governor have the entire say about using that money to the betterment of business of the state. That bill is so far-reaching that they can enter the mercantile business and they do contemplate going into the mercantile business. They already have a large packing plant and are going to try to kill, pack and market their own hogs, cattle and sheep in the state.

Who's to Blame?

AFTER studying the situation for a long while, I charge that condition almost directly to the mail order people. And I think the State of Minnesota, North Dakota and South Dakota will practically come in on the same basis.

In my little home town of Devil's Lake last week two carloads of Sears-Roebuck's catalogues were distributed; seven thousand of those big volumes in each car. Last year there were seven carloads distributed out of our little city. When I started to make a survey I found in the city of Frederick thirty-two carloads of these books—seven thousand catalogues in each car. We figured that there were something like seventy carloads put out in our state.

We have estimated after careful study that over one million dollars are spent in mail order advertising in the State of North Dakota and over twelve million, or one-third of the merchandising, is taken out of the State of North Dakota by the mail order people.

I sent experts to look into conditions in our state. We have four out working now. I had these men go through

THE author of this article does a half-million-dollar-a-year business in a town of less than 6,000 people. His address is Devil's Lake, North Dakota. It is situated in the part of the country where the Non-Partisan League is trying a radical experiment in state management that is going to carry the Northwest hell-bent for Bolshevism—or achieve its commercial salvation—according to your particular viewpoint. Mr. Mann created a great business in a small town in spite of the fact that hundreds of stores in the same district were withering under the heat of mail-order competition. He tells here how he did it and how the lessons he learned are being applied by the associated retail merchants of his state. The story has a unique angle that is interesting to the jobber and manufacturer—as well as to the retailer and consumer.—THE EDITOR.

the size of the stocks of merchandise, and bookkeeping system, the amount of insurance carried, the general appearance of the store and, last of all, the advertising.

What did we find? In the State of North Dakota the merchants do not advertise and do not believe in advertising. That is one reason why the mail order people have had such fertile ground and why it was so easy to get the business of the entire northwest. They have the advertising, understand the great value of advertising, and they know that is the way to get the business. On top of that, they have the right method, I believe, of merchandising and modern system.

We found in North Dakota in the last year that some two hundred stores went out of business, some of them in the most progressive, rich sections of the country. It is simply for the reason that they use ancient merchandising systems and people are going to buy merchandise where they can get the selection and the best price.

Now I have come to the conclusion that the retail merchant is simply the agent of the manufacturer and jobber. When he is down and out, they are down and out. I say to these interests:

"If you are to continue the agency for the distribution of your goods throughout the northwest, you will have to get busy and help educate your agents."

Manufacturers all over the United States

will, I hope, think that over. Because, just as sure as the sun rises and sets, unless these merchants are educated along the modern merchandising lines and advertise, they are going to fail and the manufacturers will be without agents and distributors for their merchandise. The jobbers and manufacturers are assisting me and I hope they will continue to assist me in furnishing advertising help. There is a central bureau now in the Twin Cities. I hope Duluth will come in and be of some help to the merchants throughout the northwest by educating them to merchandise and compete with the foreign business concerns.

We are trying out community building and we are trying in a hundred towns in North Dakota to interest the people in this subject; we furnish them entertainment and lectures four times a year, with the best experts to teach them advertising and merchandising. The keeping of small social centers and little towns together thus promotes the welfare of the entire community.

Also in Kansas

THERE was a paper sent me the other day which shows that North Dakota is not the only state with merchandise troubles. I have here a paper from Kansas. It says:

"Retailer left out in the cold by Kansas scheme."

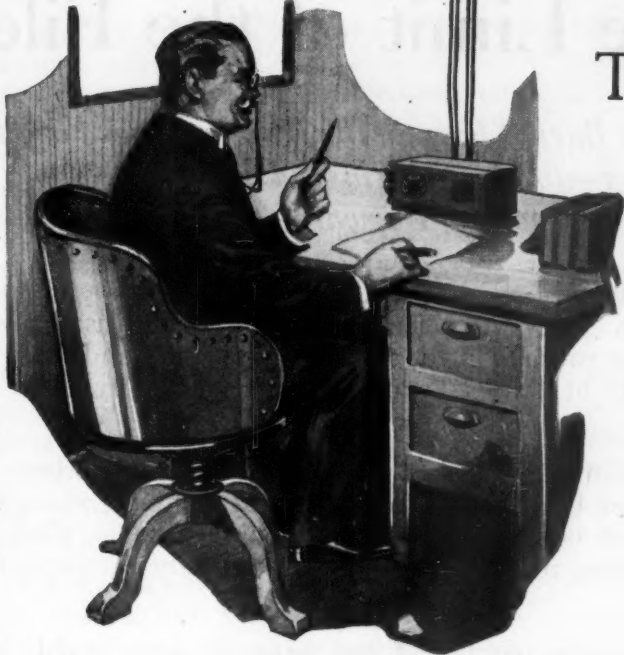
They expect to pass a bill compelling everybody selling merchandise in the State of Kansas to sell at the manufacturer's price. The manufacturer must sell direct to the consumer. That bill is now pending in Kansas and it has been favorably recommended by the Senate Committee.

You can see what is in the air. I believe that it is up to the jobbers and manufacturers of the entire United States to educate their distributors so that they can raise the standard of distribution to such a high point that the government of the United States or a mail order house cannot give better service at a better price.

I have told our merchants in North Dakota if they find one single instance where they cannot compete and make a fair profit with any mail order house, to notify the jobber or manufacturer at once. If they will not furnish that merchandise, the retailer is instructed to let me know.

I have told the jobber and manufacturer if they cannot furnish us the merchandise so that we can
(Concluded on page 73)





The Newest Dictograph Product

For the
Convenience
of the

NATION'S
BUSINESS



The Junior Dictograph

The Last Word In Executive Inter-Communication

THE JUNIOR Dictograph has taken its place in the Nation's business. Created originally for the small office, it has proven so satisfactory as a convenient means of reaching an assistant, a secretary, or both, that many executives in big organizations using the *standard* Dictograph System of Interior Telephones, or some other method of inter-communication, are installing the JUNIOR as an auxiliary.

The JUNIOR doubles the executive's own powers of production, and business is speeded up in every department.

For Professional Men and the Home

The JUNIOR Dictograph is also a boon to *Doctors, Lawyers* and other professional men; as well as being ideal for the *Home*, providing the promptest possible connection between residence and service portions of the house.



A simple, inexpensive, loud-speaking telephone

embodying all the remarkable features of the *standard* Dictograph System—the same marvelous principle of sound transmission—the same ease of operation—the same time-saving, money-saving, energy-saving advantages.

Just as with the *standard* Dictograph System, the executive talks toward the Master Station in an ordinary conversational tone:—back comes the answering voice, as clear as a bell, through his loud-speaking master station—just as though the two parties were conversing in the same room.

No earpiece—no mouthpiece—no operator.

Let us tell you more about the JUNIOR Dictograph—mail the Coupon now.

The JUNIOR Dictograph can be installed in about an hour, and costs as little as \$75. for two stations complete; three stations, \$100. and \$110.

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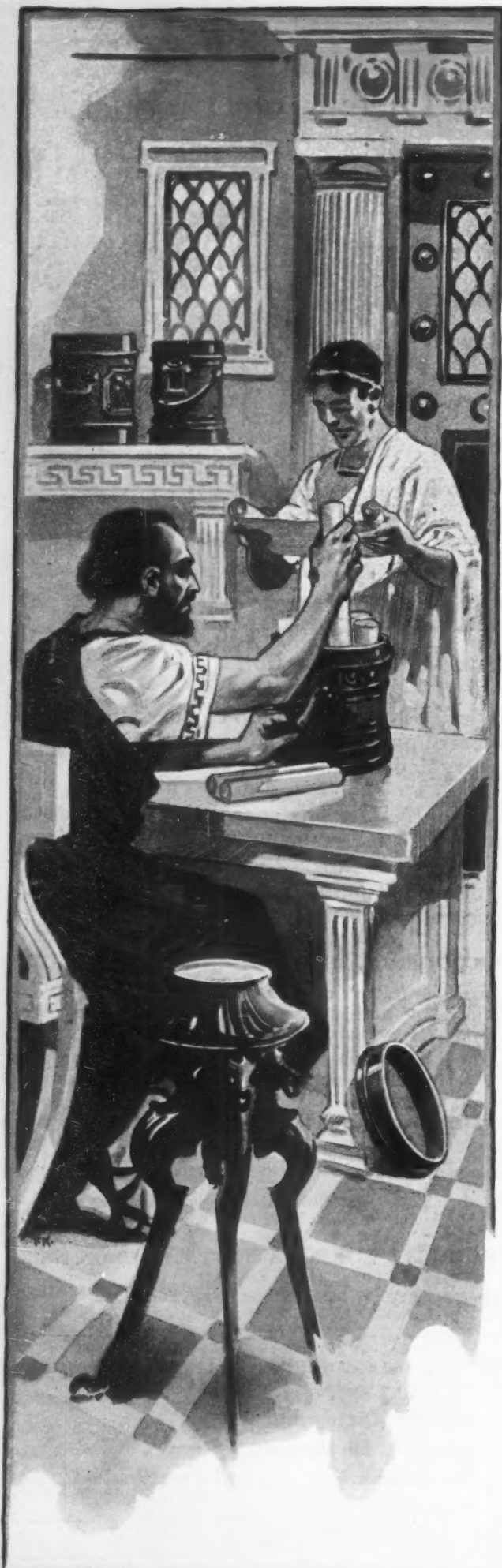
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The Limit of the Files

It Goes Back Through the Whole Record of History—to Alexandria and Babylon—and Beyond. Forward—to What?

The story of the Filing Cabinet is the story of Record Keeping. It is an ancient tale which carries us far back along the road of history, even to Babylon and Assyria, and hints at things beyond, farther than any man can trace.

The man who digs in these ancient ruins finds there the records of barter and exchange—the banking system of that great civilization, preserved and readable, filed for all the ages, marked on soft clay and baked into permanence.

Later came parchment and papyrus, more wieldy and less permanent—and much of that record is lost. The greatest File of all was that wonderful Library of the Ancient world at Alexandria. The poignant story of its destruction by the Moslems, and of how those priceless rolls fed the furnaces of the baths of Alexandria for weeks, is one of the most tragic tales in history—the story of an irreparable loss.



Centuries later came the record keeping of the Middle Ages, which preserved such records as were left, and spanned the gap between the ancient world and this. Monks, in the secure retreat of their monasteries, spent their lives copying and storing away in damp-proof boxes and windowless record rooms the manuscripts that are still being discovered even to this day. Those monks of the Middle Ages were the filing clerks of civilization.

Security was the object of all filing in the days of Queen Elizabeth. The repository of valuable records was the strong box, hidden in the vaults for security; and the same strong box, packed with papers, held its own down through the Eighteenth Century and well into the Nineteenth. Safety was the one thing that mattered. Confusion mattered not at all; and it is not without reason that the novels of even a few generations ago abound largely in plots based on missing wills.



The need for filing, not as a device for security only, but as a highly specialized, safe, and speedy machine, is a thing which has developed lately, well within the memory of the younger generation of business men.

It is not many decades since clerks in cutaway coats and side-burns sat perched on high stools before great ledgers in which they wrote with quills and excellent ink. They worked by gas light and by such rays as might filter in through grimy panes. Yet we think of Charles Lamb in the India House, or Mr. Fezziwig, as dreadfully remote.

Then came the steel pen, and the box, made to imitate a book, with its twenty-six lettered manila sheets; then the drawer file with its subdivision of the alphabet. These are actually quite as remote.

Commerce was growing by leaps and bounds under the stimulus of inventions that transacted business in hours instead of weeks and months. And the bouncing infant must have died of strangulation from the heaped up mountains of paper that were swamping it, if that old box file had not had in it capacity for growth as it did.

Out of such a background emerges at length the modern filing system, and with it the filing cabinet industry, built in the absolute need of the age for a specialized science of record keeping—a thing as revolutionary as the industrial changes that made it a necessity.



Such is the story of record keeping. And the meaning of it is as wide as industry itself. When a clerk only so much as files a letter or makes an entry in a card ledger, that is one essential detail of a system that has come to embrace every conceivable commercial transaction. And is not the back-ground of that smallest bit of office routine the whole great record of mechanical achievement? Surely, in that deed, resounds the pulse-like roar of shop and factory and of human life, as in a shell held to the ear resounds the roar of the sea.

And so we see that every step in the keeping of the record becomes one more stone in this infinite mosaic of the nation's business.

How far will that development of the filing industry go—what will be the ultimate future of the filing cabinet? That no man can say, not even the leaders of the industry of today.

Philip H. Yawman
President

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Rain and Sunshine Promise American Food for the World, but All along the Line Prices Stubbornly Hold Their Ground

By ARCHER WALL DOUGLAS

IN the midst of the host of foreign and domestic complications—economic, political and social—which beset us, it is most fortunate that the story of agriculture is one of unusual promise.

We have a very wet season. This was indicated so long ago as August, 1918, by a study of the rainfall chart in the recent United States Chamber of Commerce Bulletin on Weather and Business—especially as it relates to the late spring

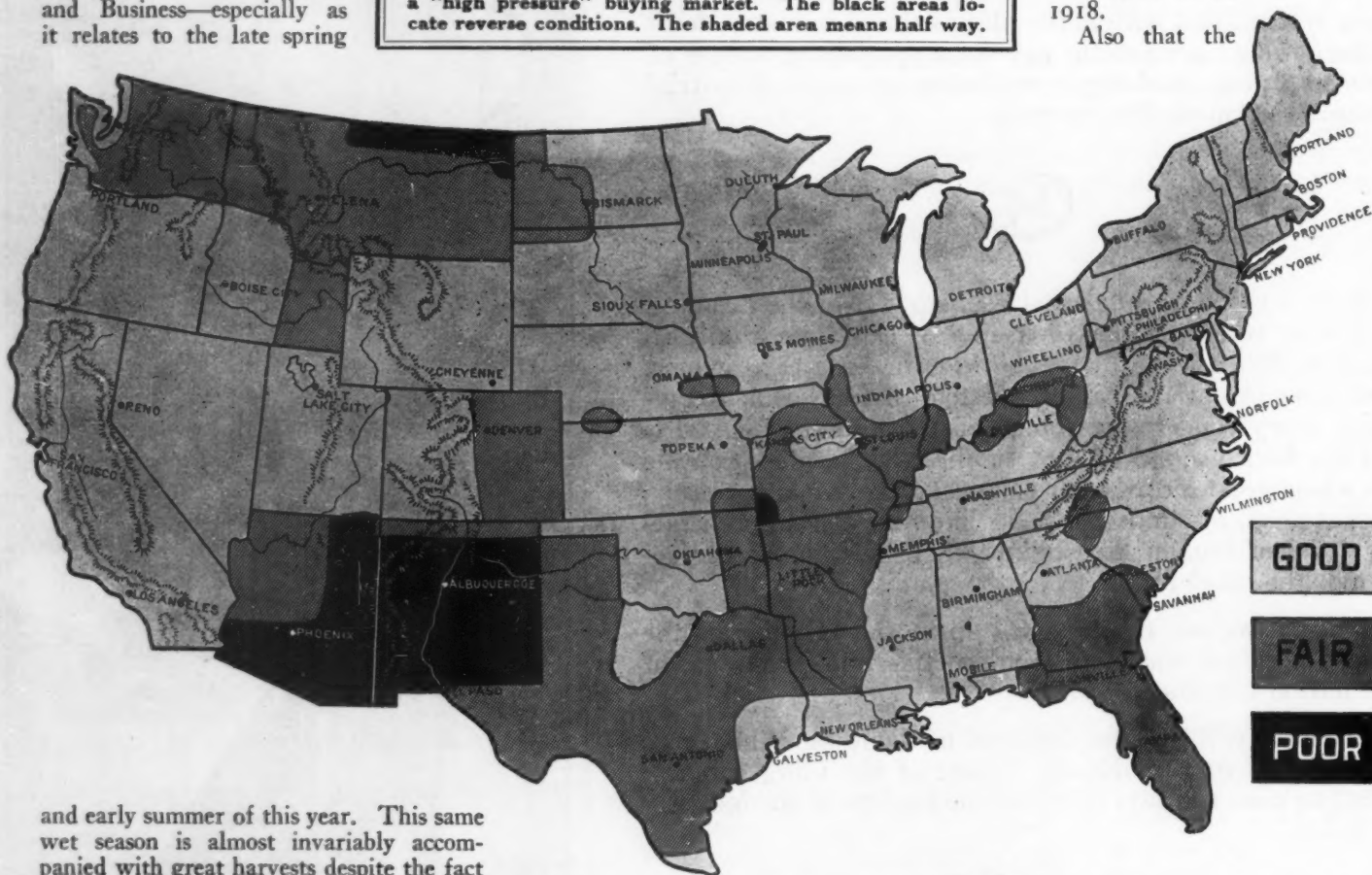
ago the young plant withered and died in the dusty soil wondering, like the historic baby, if it was so soon done for, what it was ever begun for.

Business Conditions, June 11, 1919

THE map shows at a glance the general business conditions of the country. It is prepared by Mr. Douglas as a weather map of business, and should be so read. The light areas indicate large bank deposits, promising crops, industrial activity, evidence of an economic evolution, creating new needs in home, shop, and farm—in a word, a "high pressure" buying market. The black areas locate reverse conditions. The shaded area means half way.

But all things have the defects of their qualities and this same weather chart forecast that, because of much wetness, the harvest of wheat and other small grains this year would not be so favorable as in 1918.

Also that the



and early summer of this year. This same wet season is almost invariably accompanied with great harvests despite the fact of local exceptions in the way of excessive precipitation. It means a large hay and forage crop, most needed at a time when the prices of all food products are unreasonably and unnaturally high. It further means that the corn crop this season, although late in being planted and backward everywhere, with about five per cent less acreage than last year, has nevertheless a fair measure of assurance—according to that same weather chart—that it will not be subject to the long fierce draught and the burning hot winds which wrought such untold havoc to corn in the latter days of July and the early part of August some twelve months ago. For it is dry, hot weather, which in the past always accounted for small corn yields.

It likewise means that cotton, also backward in growth, and with about 10 per cent less acreage than in 1919, has some chance for its life, because of much moisture in the great cotton sections of Oklahoma and Texas where a year

consequent "June drop" would take toll of cherries, peaches, apples and other orchard fruit. Be it as it may, there is a great harvest of grains immediately ahead of us, and despite wide extended frosts and freezing in April and May and much rain since, there is more fruit in sight than at this time last year.

The real problem agriculturally now is the one which has existed for many years and will be with us for some time to come—and it is that of scarcity of farm labor. Also it does exist despite the many comforting bulletins and statistics which assure us that the soldiers who were taken from the farms are practically all going back to them. It is one thing to take a man off the farm, and it is quite another to get him back there again. Moreover the matter of working on a farm is not a continuous performance, as in commercial and industrial life, but a matter mostly of seed time and harvest, with much waiting between, so that perforce a

Millions from the Gleanings

By Harvey S. Firestone
President, Firestone Tire & Rubber Company

"SHIP BY TRUCK" is gleaning America's fields and orchards and truck gardens. "Ship by Truck" is bearing to market the last few quarts of berries, the small crate of eggs, the job-lots of food that practically every farm has been producing and losing every year.

The loss has been a double one. The farmer lost a legitimate profit. You and I lost food for our tables at a lowered price.

There are, roughly, 6,300,000 farms in the United States. If "SHIP BY TRUCK" aids, say, one million of these farms to market an extra five dollars' worth in the course of a year, the farmers are richer by five million dollars.

The farmer can afford to haul his big crop to market. "Ship by Truck" is already saving him money. But he cannot afford to make a trip to town with the gleanings of fruit and vegetables. The truck express companies can and are hauling these small amounts at a profit for all concerned.

You merchants and manufacturers can aid in this great gleaning movement by passing the word to your shipping department—"Ship by Truck."

The return loads from the cities to the towns and hamlets and to the individual farmer support the truck express companies.

"Ship by Truck" is a great movement by which we all benefit and in which we all can help.

"The bushel of apples and the crate of tomatoes that would not get to market otherwise."

**Giant Cords
and
Demountable
Rims**

Reasons why—
**Over half the
truck tonnage
of America is
carried on
Firestone Tires**



Firestone

TRUCK TIRES



farmer's helps are largely those of his own household.

It is very clear now that we shall have more than enough food for ourselves and for hungry Europe, for the spring wheat crops of this country and Canada promise in their entirety to break all previous records, and our winter wheat yields may somewhat exceed 900 million bushels. The effect of the great harvest which now seems so imminent is one which must give us pause.

Although the outlook is for lower prices of food products there does not seem any likelihood of figures which will not be remunerative to the farmer, nor that the decline will be so marked as to seriously affect either the purchasing power or inclination of the agriculturist.

Very great prosperity to the farming communities seems assured in all sections because of the most favorable outlook for large yields and the certainty that both the European and domestic demands will be heavy for both food and clothes for at least twelve months longer.

War's Results

WAR created a scarcity both here and abroad for the necessities of life and destroyed many essential things which must ultimately be replaced, and for some time to come the United States is the great and only source of supply of the things most needed. Moreover in this country the elemental products of agriculture, things to eat, and things to wear, are always bought liberally in prosperous times when the purchasing power of the many is at high tide.

This is noticeable at present in the demand for clothing, shoes, and meat despite their unprecedented high cost.

This same buying desire and expression permeates every phase of human needs and human fancies. For it makes no distinction whatever at present between necessities and luxuries.

There is a widespread demand for jewelry, all articles of ornamentation, rugs, expensive hats and dresses, and the coming twelve months promises to be the greatest ever known in the production and purchase of automobiles.

There is a slow but steady increase in building and construction, despite the extraordinary high cost of labor and material. It is because in many large cities and industrial centers the housing question has become so acute that many thousands of people must have homes at any cost. So far as the much prophesied demand for the rebuilding of devastated Europe is concerned, we are learning that it must wait upon the settlement of Europe's more pressing financial, social and political problems, and that such demands upon us are largely matters of the future.

But as far as this country is concerned there seems nothing, save an unexpected calamity to the growing crops which can prevent a great volume of business during the remainder of the year.

The necessary consequence of such demand inevitably makes for firmer and possibly advancing prices. Until within the past six weeks, it seemed likely that we should go on in an orderly and moderate method of liquidation until there naturally ensued a lower level of prices from which an upward start might again be made. But the speculative and unnatural effects of war were not to be denied.

During the war everyone who had anything to sell realized unusual profits and now finds it hard to come down again to the small margins of pre-war returns.

The general inclination therefore exists to

hold prices firmly where possible and to advance them if opportunity can be found. This inclination finds its initial impulse in the consumer who is buying without stint and with practically no consideration for costs.

The natural laws of supply and demand are much hampered by a control of supply—whether governmental, corporate or private—which is another artificial inheritance of war methods. In some staple commodities, wool, copper, cotton, grains, meat products, for example, there is an unquestioned abundance of the supply of raw material and in some cases a great surplus. Yet these supplies do not come upon the market in such fashion as to depress prices. Sooner or later a reckoning will be had. Either the surplus will gradually be absorbed, or else it will finally come upon the market, as seems likely to be the case, in food products, in the near future with resulting lower prices. But for the present prices are being held and it is impossible, under prevailing conditions, to say when the change will come in some commodities. For fact and logic are negligible factors at present in the economic situation.

In mining and industrial production there are but few lines where the output is not below normal. Yet the air is full of rumors of firmer or advancing prices whenever the demand shows any appreciable increase. There is no general trend of prices but each commodity varies according to the peculiar conditions and influences affecting it.

Boots and shoes and leather products in general, cotton, silk, and woollen textiles, and most grocery products are advancing, while drugs and finished materials in most of the metals still show moderate declines.

Difficulties of Prophecy

IT is an unsafe situation to prophesy about, and those who confidently forecast that the present or even a higher level of prices will prevail anywhere from five years to a generation, will probably in the near future be glad that most people have forgotten what the prophets said. One thing, however, seems well assured; that for a time, probably at least for the remainder of the year, we have postponed that readjustment and liquidation which some day we must complete. To the extent that we continue to display common sense and cool judgment which so far have distinguished us, to that extent shall we ultimately have a simpler and less harmful readjustment than that which comes from speculation and inflation.

It is perfectly apparent that in many ways the present situation is unnatural and artificial, as it is bound to be after a great war. But the part of wisdom is not that, either of denunciation nor of shutting our eyes to obvious facts, but rather such sane handling of the situation as shall meanwhile result to our profit and ultimately bring us out without those cataclysms which in the past characterized the rather lurid endings of great periods of prosperity.

These disasters were invariably the result of a faulty currency system, and it is entirely within our power to prevent this in future through the control exercised by the Federal Reserve Bank system. The mere quantity of money in circulation has in itself no direct effect in either sustaining or advancing prices, as is often vainly imagined. The sooner we rid ourselves of that antiquated fiction the more clearly will we understand the present price situation, the dangers, its possibilities and the manner in which it may be controlled. But unquestionably the abundance of money is in itself a great temptation to speculation.

Our constantly growing favorable balance of trade creates in truth an embarrassing situation, since it means that Europe, our largest foreign customer, has gotten to the end of the credit extended to her by the United States Government. She must have supplies of food and other commodities necessary to her very life and progress, and we are the only nation in all the world who can supply her wants in the needed quantities. She cannot pay for them in gold for she has none to spare, nor in commodities nor yet in her securities even if we were prepared to take these latter two, which we are not. If Europe stops buying from us for lack of funds it means decreased production in this country of the commodities affected and likewise lower prices of these same articles because of lessened demand.

On the one hand the former warring nations of Europe are practically bankrupt in varying degrees of bankruptcy, in the sense that neither now, nor in the near future can they meet their obligations if demand for payment be pressed. How they will work out their financial problems in the future is beyond our ken at present, and theirs, too, for that matter, and concerning which speculation at present is both futile and idle.

These same nations are loaded up with an irredeemable currency, whose depreciation creates inflated prices, whose direct and indirect effect upon our prices is a serious proportion in our international trade relations. To lend more money, or rather to extend more credit to Europe under present conditions, is to increase our "outstandings" with them with no earthly chance of payment in the near future. Yet this seems the only thing to be done under the circumstances, unless we are prepared to check progress in Europe, precipitate even worse conditions there than now exist and also experience the full reactions upon our own trade of the stoppage of exports. And it is to the accomplishment of this task that the financial interests of this country have set themselves with the certainty that they will carry it through to a full measure of success.

The Millennium Didn't Come

DURING the war we had many visions of the co-operation and concert of action which we believed would be the result in the years of peace of the awakening of that national spirit which carried the war through to a successful conclusion. But we failed to take human nature into account, and equally did we fail to remember that the unsettling effects of war are the things most apparent immediately when peace comes, that no great event in history ever produces just the effects we all anticipate, and that the benefits, while often greater than prophesied, are not early realized and often of an entirely different nature from those anticipated. It will probably be a long, long trail to the realization of the great things which will come to us from the world wide conflict from which we have just emerged, and its immediate results are mostly perplexing problems.

Strikes are numerous and constant in this country, and in Canada they constitute a serious and sinister feature of domain wide import. We are afflicted, as always in such emergencies, by an endless babble of advice from those who have neither personal experience nor observation of the subject in question. Panaceas are numerous enough, but the constantly prophesied Millennium is a mere mirage and always will be in a world made up of human beings. We shall in time reach better conclusions than we now possess, and only through stress, trouble, and many mistakes.



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Un-retouched photograph showing mountain trail conditions encountered by a motor truck, completely equipped with Goodyear Pneumatic Cord Truck Tires, which is owned by the Gardnerville Freight Line, of Reno, Nevada

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GOODYEAR
AKRON

Why This Motor Express Line Is Changing to Pneumatics

"FOR rural motor expressing and general country hauling, we are convinced it is more economical and profitable to use Goodyear Pneumatic Cord Truck Tires—instead of solid tires. On solids, we have lost time, paid out losses in breakages and had to refuse business. Our Goodyear Cords paid for themselves in three months in business increases alone. The rest has been sheer velvet."—Mr. Jack Ginocchio, part owner of the Gardnerville Freight Line, Reno, Nevada.

NEVADA farmers, ranchers and storekeepers located along the route of the Gardnerville Freight Line now find that local motor express shipments are hauled on a much better schedule than heretofore.

The marked improvement is explained readily by the owners of the transportation enterprise, who recently made a careful comparison between their solid truck tires and Goodyear Pneumatic Cord Truck Tires.

They point to a motor truck on the tractive Goodyear Cords which hauls regularly over the 104 mountain miles, separating Reno and Gardnerville, in less than 9 hours.

They also point to another truck of the identical make and size, but shod with solid tires, which has always required at least 11 hours to negotiate the same trail.

This, however, is only the beginning of the story of why the two proprietors of the G. F. Line are preparing to have the four remaining solid-tired trucks in their fleet re-equipped with the Goodyear Cords.

It should be noted that the above figures actually mean that the truck on pneumatics completes the Gardnerville trip in a day, while a solid-tired unit must take three days to make two trips.

Consequently the truck on the big Goodyear Cords does considerably more work and earns a correspondingly larger revenue for the motor express concern.

Formerly the partnership was obliged either to refuse a sizable business in egg shipments or to pay heavy losses due to breakages caused by the jarring on solid tires.

During the time that eggs have been cushioned by the pneumatics, not a penny has been paid out on this account.

The fuel record shows that a gallon of gasoline lasts 11 miles on the pneumatics and 6½ miles on the solids.

The oil record shows that a quart of oil is consumed in 21 miles on the pneumatics and in 17½ miles on the solids.

On top of these reductions in operating costs and the improvements in earnings, the rugged Goodyear Cords are demonstrating a highly satisfactory tire-mile economy.

After running over several thousand miles of the rocky trails under full burdens they still are new-looking, promising to rival or even surpass the mileage of the powerful solid tires.

They paid for themselves out of the business increases they made possible in the first three months of their use.

All other increases and savings represent sheer profits on the investment made in them.

Even under unfavorable conditions, then, the prime advantages of the pioneer Goodyear Pneumatic Cord Truck Tires stand out in a very striking manner.

THE GOODYEAR TIRE & RUBBER COMPANY, AKRON, OHIO

TRUCK TIRES

It's up to Congress

(Continued from page 15)

likely to be routed by the Speaker to the Committee on the Judiciary, the Committee on Agriculture, or the Committee on Interstate and Foreign Commerce, without partiality. They seem to need a shepherd.

Daylight saving may be a better institution than even its advocates have suggested. That is a possible conclusion to be drawn from the nature of some of the attacks made upon it. Very quietly the House Committee on Agriculture decided to stop daylight saving through the device of a rider on an appropriation bill and seems to have had arrangements with the Rules Committee to get help from the "steam roller," as a special rule to protect a rider from a point of order has been called in times past. When this plan was discovered, some of the people concerned in it even showed irritation that the news had got bruited about and advocates of continuance of daylight saving were given a chance to make themselves known.

Anyhow, the rider went by the board, in the House. Hearings were then called upon short notice before a committee that was already pretty thoroughly occupied with such matters as telegraphs and telephones. The proposition before the committee differed from the rider; it was that daylight saving should continue this year, but should not be renewed next year. Eventually, the committee decided to place this bill before the House. There may be an early vote.

In the meantime, advocates and opponents of daylight saving threaten to rival the "wets" and the "drys" in the number of communications they are sending to Congress.

Telegraphs and Telephones

OF the public utilities over which the government has exercised control the telegraphs and telephones are likely to be the first to be a subject of legislation. Events have led Congress to hasten. The committees of House and Senate which have jurisdiction began with some deliberation, and held hearings. When strikes threatened and the government turned back to the companies the responsibility for operation, the Senate Committee on Interstate Commerce reported a resolution which would repeal the law of July 16, 1918, under which government control was begun and order relinquishment of supervision, which was all that remained. This resolution on June 10 passed the Senate without a roll call. In the debate it appeared that for the period of control the government has a deficit of \$9,000,000 to make up for the principal telephone company, and it was generally agreed that assumption of government control had been a mistake.

The House Committee on Interstate and Foreign Commerce has been devoting much of its time to studying the situation respecting telephones and telegraphs, holding executive sessions each afternoon. It may soon make its recommendations to the House, and so prepare the way for the final stages of legislation respecting telephones and telegraphs.

Railroads

RAILROAD legislation comes forward piecemeal, probably because the big measure for revision of regulation is still in an early stage of elaboration. The House Committee on Interstate and Foreign Commerce has not yet got fairly started on railroad legislation, but will have hearings, probably after June 16. The Senate Committee on Interstate Commerce has got a

little farther. It has already begun sessions at which it is trying to decide upon its program. Having held hearings in February, it apparently contemplates no more just now. When it has agreed upon a bill, however, it may find occasion for hearings.

Regarding incidental matters the Senate committee has not waited. On June 10 it got one of its proposals into debate before the Senate,—a bill to restore to the Interstate Commerce Commission the powers it possessed over rates before federal control was inaugurated. This bill would allow the Commission once more to inquire into rates before they become effective and afford shippers opportunity to make representations about the propriety of rates before they were operative. At the same time, the bill would leave control of intrastate rates in the Railroad Administration. This feature caused some opposition.

Sample baggage is another subject before the Senate Committee. For such baggage a charge would be paid, and in case of loss or damage the railroad would pay for a proportion of the damage according to the ratio of the excess baggage fare to the current freight rate on the articles in question.

The long-and-short-haul clause of the Interstate Commerce Act is another one of these subjects that are having consideration apart from remedial legislation as such. The Chairman of the Senate Committee has introduced a bill which would abolish the clause. A similar bill was reported in the winter. Elimination of the clause is especially desired by cities in the western mountain region, to which, under the clause, rates have been higher at times than to the Pacific coast. On the western coast and in some parts of the east there is advocacy of continuation of the clause. The situation as to the "intermountain" rates has been a source of controversy for ten years and more, and has caused one of the Interstate Commerce Commission's big cases, which on its part has taken several turns, especially when the war eliminated water competition through the Panama Canal between the Atlantic and Pacific coasts.

Although "remedial" legislation, for an overhauling of the entire system of federal regulation, is still in the formative stage, bills are not lacking. On June 2 a bill in the preparation of which the Interstate Commerce Commission is understood to have had a hand was introduced. It is really a federal utilities bill, including not only railroads but telephones, telegraph, and wireless, so far as they are interstate, although in many respects it deals more completely with railroads. Thus, rates are the most important factor subjected to control by the Interstate Commerce Commission in the case of means of communication, whereas equipment, construction, and securities are included in the case of railroads. Conferences with state authorities are contemplated whenever there is danger of conflict between federal and state regulation.

The Railroad Administration is one of the agencies left short of money by failure of appropriation bills to pass in the last Congress. It has since had to resort to issuing certificates of indebtedness,—a device which an ordinary department of the government could not use. In the winter it needed \$750,000,000 to add to the \$500,000,000 it received a year before. At the end of May it had increased its request to \$1,200,000,000,—\$441,000,000 to meet its requirements of 1918, and \$758,000,000 for 1919 and to go

For additions and betterments, later to be reimbursed by the railroad companies \$253,000,000
Improvements to inland waterways.. 11,000,000
Financing B. & M. R. R. reorgan-

ization 20,000,000
Operating deficit for first 4 months of 1919 250,000,000
Additional working capital..... 223,000,000

The whole situation of the Railroad Administration was presented early in June at hearings before the House Committee on Appropriations, and as a result the Committee recommended appropriation of the amount asked in the winter,—\$750,000,000. A bill carrying this amount the House passed on June 10, seeming to take the attitude that as for the rest of the money it would wait and see about actual needs, since it counts upon being in session for the rest of the year.

Merchant Marine

LIKE railroad legislation, the question of the American merchant marine is still in the appropriating stage. On June 4 the Chairman of the Shipping Board asked for the appropriations that failed on March 4, and placed the needs at \$673,000,000. This is the sum required after contracts for 754 vessels have been cancelled. Incidentally, the Chairman gave some interesting figures. It seems that some shipbuilders have had such profits that they paid to the Collector of Internal Revenue \$40 a deadweight ton in federal income and excess-profits taxes, and all shipbuilders have paid an average of \$25 a ton. Counting these payments off from the cost of tonnage to the Shipping Board, the Chairman reckons the net cost of vessels to the government at less than \$180 a ton for its new fleets.

In May the English Ministry of Shipping told the House of Commons that the British marine, with 15,300,000 tons to its credit, was still 3,000,000 tons "down" as compared with days before the war and the country is now building at a rate of 1,000,000 tons a year. During the period of 1914-1919, according to British officials, our vessels had increased from 1,800,000 tons to 6,500,000. For the future our Shipping Board obviously has even brighter hopes; in pamphlets it issues to encourage men to enter the merchant marine it forecasts 14,000,000 tons more within two years!

General legislation regarding our merchant marine is not being neglected. On May 29 the Shipping Board announced that, as a result of conferences with shipping interests, it has appointed a committee of men identified with American shipping to recommend changes in our navigation laws which would place American seagoing vessels approximately upon the same basis as vessels of other countries with which they compete. Meanwhile, however, the only measures actually before Congress are such bills as the proposal to allow American shipyards, regardless of the Shipping Board's consent, to construct vessels upon orders from foreigners.

Other Legislation

THE waterpower bills before the last Congress have been introduced in all their various forms, including the bill that was agreed upon by conferees. The new House has continued the special Committee on Waterpowers, and on the Senate side a subcommittee is trying to fix an exact program.

The bill for leasing coal and oil deposits in the public domain is in much the same situation. When it will come forward, and the exact form, are questions not yet answered.

Immigration, legislation which would make it possible to exercise the federal power against persons seeking to destroy government, various situations regarding industrial relations, and the large plan for colonizing men demobilized from the armed forces illustrate other subjects which are more or less actively before Committees of Congress.



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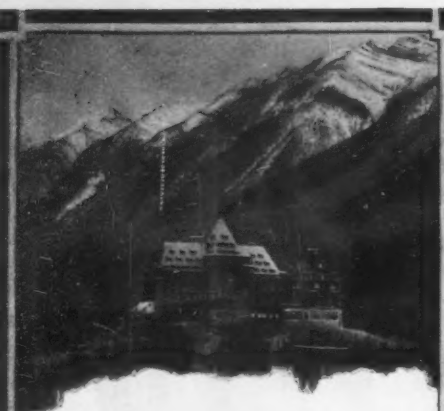
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Taking Off the Fetters

International Exchange Is All Out of Joint—Less Restraint on Gold May Help Stabilize Matters

GOLD now follows silver in receiving partial freedom from restraint. The Federal Reserve Board announced on June 9 that licenses for export will be freely granted. The government's hand will still be upon exports of gold, but the policy of control has been liberalized.

Since August 1, 1914, the United States has had its supply of gold increased by \$1,100,000,000. The twelve reserve banks have gold reserves exceeding \$2,200,000,000. The national banks have about \$70,000,000. The Treasury has \$213,000,000 available in its general fund. Altogether, we have a deal of gold within our borders,—something like one-third of the world's stock of monetary gold and a total somewhat over three billion dollars. Besides, we are in a fair way to get more, in payment of the shipments we are now making to other countries in large values.

Presumably, gold will now tend to leave the United States for rectification of exchange where it is against us. Rates of exchange that have been unfavorable to us have in fact been changing. On June 3 exchange on Switzerland reached par, whereas a month ago we had to pay a premium of 3 per cent. Between April 30 and June 3 the condition of American dollars in Holland had so improved, that instead of being at a slight discount it went to a premium of a couple per cent. The premiums we pay in exchange on some other countries have not always taken such a course, as is indicated by the following approximate premiums for recent dates:

| | April 30 | June 3 |
|-----------------|----------|--------|
| Argentina | 3.2% | 3.8% |
| China | 8.9 | 13.0 |
| Japan | 3.3 | 3.3 |

Most of the rest of the world finds exchange so favorable to the United States and so unfavorable to them that there is a real handicap upon their buying from us, since the premiums they have to give in exchanging their money for dollars with which to pay us operates as an increase upon the price. The approximate premiums such countries paid, on recent dates, have been:

| | April 30 | June 3 |
|---------------|----------|--------|
| Italy | 44.0% | 56.0% |
| Belgium | 22.0 | 27.0 |
| France | 16.0 | 23.0 |
| England | 3.7 | 5.0 |

How far free exports of gold from the United States may influence these rates of exchange is problematic. Accordingly, another way may have to be found. To lessen difficulties for other countries in buying our materials, and proportionately increase our markets, more export associations organized under the Webb-Pomerene law may be brought into existence. Such a plan is under way for dealing with exports of cotton. There has been discussion of a securities corporation which might sell its securities to the public and furnish to these export associations the funds they need, taking their obligations and the obligations they have received in extending credit to their foreign purchasers. In a pinch, the War Finance Corporation, under the new power it received in March, might help out.

The Federal Reserve Board estimates that we Americans must this year provide \$3,000,000,000 in new funds if our export trade is to keep to its present level.

However international exchange is looked at, it is clearly out of joint. As it reflects the economic condition in each country, it is now a many-sided mirror with each face showing a picture of its own. If a relatively free movement of gold will help to harmonize these pictures it will serve a great purpose.

Those Wide War Powers

WAR POWERS are pretty thoroughgoing, the Supreme Court decided on June 2. The war power of the federal government is complete and undivided. When it is exercised, there is no presumption of continuance of a state power that would have a limiting effect. Upon exercise of the war power it is paramount.

Applying these principles the Supreme Court declared that federal control and operation of railroads were assumed by virtue of the war power, and that there was contemplated by Congress and the President one control, one administration, one power for the accomplishment of the one purpose—the complete possession by governmental authority. Accordingly, the court was unanimous in deciding that under federal control the federal authority extended to all intrastate rates.

Regarding telephones the court came to the same conclusion. According to the decision, Congress by reason of the war power could deal with intrastate rates, or authorize the President to do so, and having proceeded to do this it had settled the matter. Questions as to whether the President had acted after the actual necessity had passed, or had abused his power, the court said were not for it, as it could not invade the executive department of the government to correct alleged mistakes in wrongs arising out of asserted abuse of discretion.

Congress does not always exercise all of the war power, according to the court's decision in another case. A vessel requisitioned by the President acting through the Emergency Fleet Corporation was chartered for operation to private persons, although operated in carrying coal to New England by direction of the Shipping Board. It collided with another vessel, the owners of which sought to hold the ship, after the good old-fashioned procedure of admiralty law. The government contended that as a vessel of the United States it could not be treated in such a brusque manner. But the court pointed to the passage in the Shipping Board Act which declared the Board's vessels while operated as merchant ships should be treated like anybody's else and pointed out that Congress in exercising the war power had not provided otherwise. Consequently, the owners of the damaged vessel have their chance to get some money to pay their bills without entering the class of persons with claims against the government.

Obviously, the defeated contenders for continued state authority over local railroad rates and telephone tolls will think there is some advantage in being among those who go down to the sea in ships.

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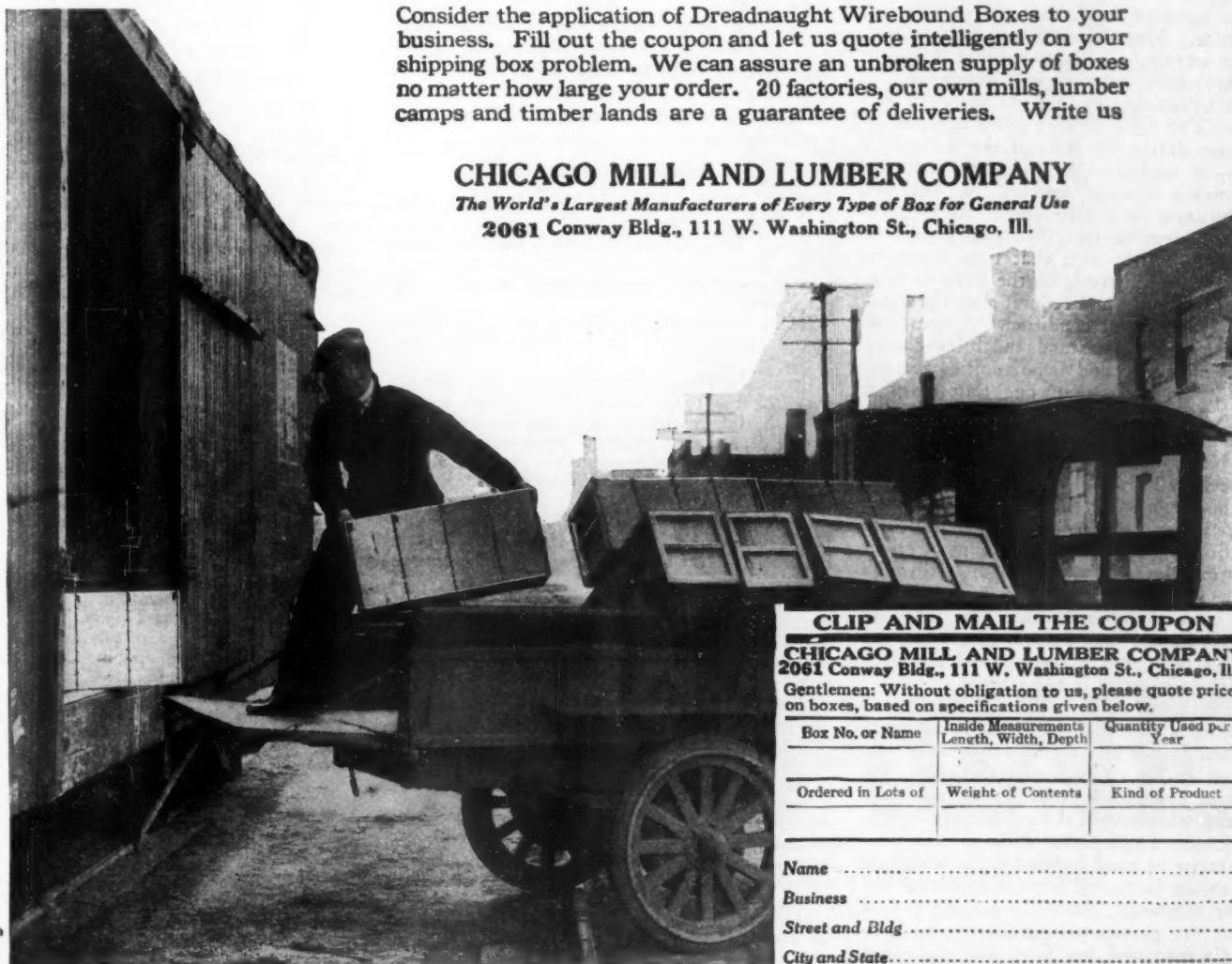
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|--------------------|----------------------|------------------------|
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| Ordered in Lots of | Weight of Contents | Kind of Product |
| | | |

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CREDIT men were among the first to break loose from the old idea of secrecy in business dealings. They saw that as needed information was often in the possession of their fellows and not easily obtained elsewhere, they must pool their knowledge.

Up to, say, 1850 the customer asking for credit was generally known personally. He was in business nearby and his reputation was common knowledge. Granting of credit was largely influenced by the character of the man asking for it.

As business expanded and manufacturers sought wider markets, requests for credit came from a distance and the standing of those who asked was unknown.

After the panic of 1837, credit was granted more guardedly and the need was seen for a systematic method of obtaining trustworthy information about would-be creditors. R. G. Dun & Co. and The Bradstreet Co. then established credit agencies and have since supplied a large part of this needed information. Not that the information they supply is all that is needed by a credit department; but it is the one quickest and most generally reliable source for foundation knowledge.

These agencies have had a definite effect on business. Men, like animals, tend to seek safety in secrecy. Civilization—that is, cumulated experience, knowledge, wisdom—tell us that the Every-man-for-himself theory is disastrous. The fight against secret diplomacy, which may defeat the ends of the League of Nations, is analogous to the fight that has been waging against secrecy in business. Many business men still resent the request for a statement of their financial condition. But it is a healthy sign that it is becoming customary to go directly to the business firm that asks for credit and request a signed statement of its financial condition. A firm that refuses such a request stands much less chance of receiving credit and opportunities for enlarging its business than one that gives it freely. Opportunities for crooked dealing are thus minimized.

The National Association of Credit Men and The Retail Credit Men's National Association long ago saw that frankness is of the very essence of credit, and have done much to put credits on a sound basis. Groups of credit men form "interchange bureaus," through which the standing of customers known to one firm is open to other firms. The work of these associations has helped to secure the passage of laws that prevent fraud and provide uniform practice in the several states.

If the estimate made by Kinley in 1910 for the National Monetary Commission still holds, then 86 per cent of all business is conducted on credit. Obviously, therefore, the stability of business depends on the decisions of the men who control the granting of credit.

The Credit Department calls for the constant exercise of good judgment, for weighing and balancing facts, and for decisions that are often far reaching. Since the results of bad judgment are particularly disastrous to both the credit man and his firm, and since the cause of poor judgment is generally ignorance, it is evident that the credit man must be well informed in all that pertains to his problems.

Credits and Collections

By JOHN COTTON DANA

Librarian, Free Public Library, Newark, New Jersey

His wise and helpful decisions are based not only on the facts that surround each case; but also on the knowledge he has previously acquired of underlying principles of credit granting.

Credit Management

IT is interesting to note that as this article was first planned, it was to suggest good books on the "theory" of credit. But so few recent books were found dealing with the theory of credit only, that we concluded that this side of the subject must be of little interest. Should anyone, however, wish to study this "theory," he will find a good chapter on the subject in "The Principles of Money," by J. L. Laughlin, published by Scribner in 1916 at \$3.00, and another in "Money and Currency," by J. F. Johnson, published by Ginn in 1905 at \$2.10.

In most firms credit and collection work are handled by the same department or by departments closely associated. Our list therefore covers both subjects.

Methods in use by credit departments generally will be found in these books:

Books on Methods

What a Salesman Should Know About Credits, by J. C. Aspley. \$1. Dartnell Corporation, Transportation Bldg., Chicago. 1918. This book, put in the hands of all of a firm's salesmen, will assure greater co-operation between credit and selling departments.

Retail Credits and Collections, by D. E. Beebe. \$1.50. Harper, N. Y. 1919. New and very useful.

Credit, Its Principles and Practice. \$2. Ronald Press, N. Y. 1915. Credit office routine; sources of credit information; safeguarding methods; collection department; creditors' procedure in case of insolvency; forms in frequent use.

Art of Collecting, by R. J. Cassell. \$2. Ronald Press, N. Y. 1913.

Credits and Collections, by R. P. Ettinger and D. E. Golieb. \$2. Prentice-Hall, N. Y. 1917. Particularly good for sources and methods of obtaining credit information.

New Collection Methods, by E. H. Gardner. \$4. Ronald Press, N. Y. 1918. The most valuable recent book on collections. Treats all sides of the subject and like Mr. Gardner's other books is the result of a survey of the methods in use by several hundred large business houses. Lays emphasis on the business building opportunities of the credit department and on the application of psychology to the work of collections and credit. It tells also of methods for department stores, professional men, mail order and installment houses and trade acceptance.

Credit Organization, by J. B. Griffith. 50 cents. American School of Correspondence, Fifty-eighth Street and Drexel Avenue, Chicago. 1909. Good brief explanation of credit work.

Mercantile Credit, by J. E. Hagerty. \$2. Holt, N. Y. 1913.

How to Finance a Business. \$2. Shaw, Chicago. 1912.

Credits, Collections and Finance. Library of Business Practice, vol. 8. 10 vols. \$17. Shaw,

Chicago, 1914.

Mercantile Credits, a series of practical lectures delivered before the Young Men's Christian Association of Los Angeles, Cal. \$2. Ronald Press, N. Y.

Credit Man's Diary, Annual. National Association of Credit Men. \$2.50. 41 Park Row, N. Y. Reference manual containing state and federal statutes directly affecting the credit man. Revised each year.

Credit and Its Uses, by W. A. Prendergast. \$1.50. Appleton, N. Y. 1906.

Collecting by Letter, by W. A. Shryer. 2 vols. \$3. Business Service Corporation, Detroit. 1913.

Credits and Collections, by E. M. Skinner. \$2. La Salle Extension University, Chicago. 1916. A text book.

Credit and the Credit Man, by P. P. Wahlstad. (Not for sale by publishers except to their own students. May often be bought second hand.) N. Y. Alexander Hamilton Institute. 1917.

Credit Work in a Bank

Credits and Collections (Banking Series). \$3. Shaw, Chicago. 1918.

Bankers' Credit Manual, by Alexander Wall. \$4. Bobbs, Indianapolis. 1919.

Essentials in Granting Credit, in Practical Work of a Bank, p. 371-502, by W. H. Kniffin. \$5. Bankers' Pub. Co., N. Y. 1915.

Credit Department, in Practical Banking, p. 14-128, by O. H. Wolfe. \$2. Johnston Export Pub. Co., N. Y. 1917.

Special Phases of Credit Work

THE best information on some phases of credit is obtained from books on related subjects. Not many of these would be worth buying for the credit information alone. The number of pages on credit is specified in each case. These books can probably be borrowed from your Public Library. In many cases, these special phases of credit are included in general books on credit listed above.

How to Keep Credit Records

Credit Records, in Indexing and Filing, 171-174, by E. R. Hudders. \$3. Ronald Press, N. Y. 1916.

Credits and Collections Records, in Office Organization and Management, p. 237-245, by C. C. Parsons. \$2.50. La Salle Extension University, Chicago. 1918.

Records for Credit and Collection Department, in American Office, p. 264-273, by J. W. Schulze. \$3. Ronald Press, N. Y. 1914.

Handling Export Credits

Credit as a Factor in Foreign Trade, in Course in Foreign Trade, vol. 8, p. 1-67, by E. A. DeLima. 12 vols., \$55. Business Training Corporation, N. Y. 1916.

Credits, Acceptances and Collections, in Practical Exporting, p. 584-613, by B. O. Hough. \$4. Johnston Export Pub. Co., 135 William St., N. Y. 1915.

Extension of Credit to Foreign Customers, in Elementary Lessons in Exporting, p. 108-119, by B. O. Hough. \$3. Johnston Export Pub. Co., 135 William Street, N. Y. 1909.

Conditions of Credit, Cessation of Payment, Bankruptcies, etc., in How to do Business with Russia, p. 76-83, by C. E. W. Peterson. \$2.25. Pitman, N. Y. 1917.

Foreign Credits, in American Methods in Foreign Trade, p. 101-107, by G. C. Vedder. \$2. McGraw, N. Y. 1919.

Credits and Consuls, in South and Central American Trade Conditions of To-day, p. 45-55, by



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The Might

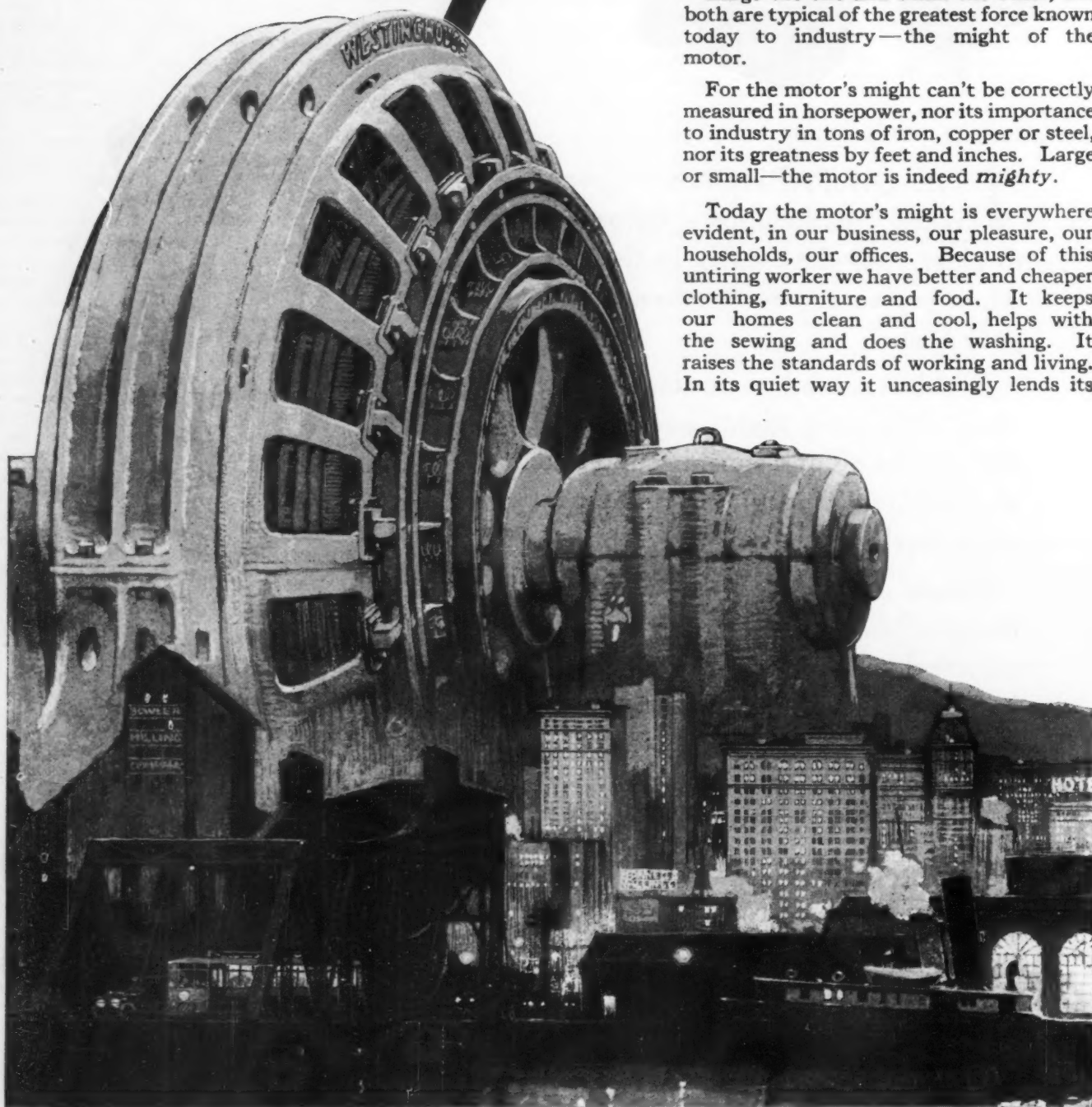
Powerfully the great steel-mill motor turns the rolls that grip the red hot ingot.

Humming busily at its far lighter task the motor of the textile mill speeds the fast flying shuttle.

Large the one and small the other, but both are typical of the greatest force known today to industry—the might of the motor.

For the motor's might can't be correctly measured in horsepower, nor its importance to industry in tons of iron, copper or steel, nor its greatness by feet and inches. Large or small—the motor is indeed *mighty*.

Today the motor's might is everywhere evident, in our business, our pleasure, our households, our offices. Because of this untiring worker we have better and cheaper clothing, furniture and food. It keeps our homes clean and cool, helps with the sewing and does the washing. It raises the standards of working and living. In its quiet way it unceasingly lends its



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of the Motor

might to the betterment of conditions everywhere.

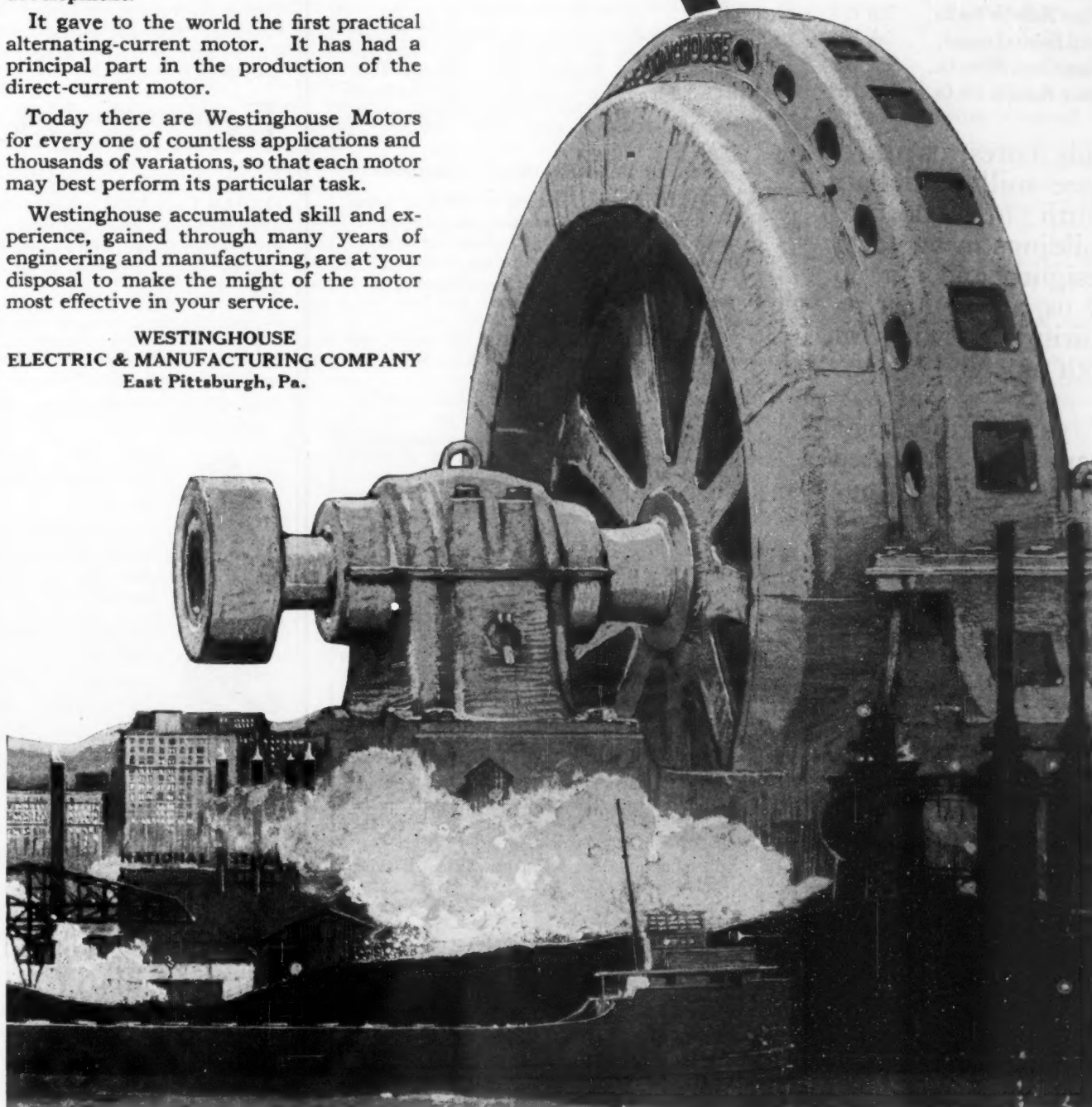
The motor as it is today is the work of no one man or organization, but the achievement of a great industry. Westinghouse, however, has always led in its development.

It gave to the world the first practical alternating-current motor. It has had a principal part in the production of the direct-current motor.

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| General Motors Corporation, | Dec. 1917 |
| Saginaw Malleable Iron Co., | May 1918 |
| Central Foundry Company, | July 1918 |
| Jackson-Church-Wilcox Co., | Sept. 1918 |
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645 N. Michigan Ave. Whitehall Building
CHICAGO NEW YORK

A. H. Verrill. \$1.25. Dodd, N. L. 1919.

Credit and Collection Correspondence

Collecting Accounts with Standard Paragraphs; Fitting Form Letters into Collection Work; in Automatic Letter Writer, p. 72-90, 133-150. \$3. Shaw, Chicago. 1914.

Collections by Mail, in How to Deal with Human Nature in Business, p. 163-174, by Sherwin Cody. \$2. Funk, N. Y. 1916.

Credit Letters; Collection Letters, in Effective Business Letters, p. 137-167; 168-232, by E. H. Gardner. \$1.50. Ronald Press, N. Y. 1916.

Letters of Collection, in Commercial Letters, p. 165-198, by J. B. Opdycke. \$1.50. Holt, N. Y. 1918.

Making Collections by Mail, in Sales Promotion by Mail, p. 137-163, \$2. Putnam, N. Y. 1916.

Collecting Money by Mail, in System Co. Business Correspondence Library, vol. 3, p. 107-156. System Company, 3 vols. \$5. System Co., Chicago. 1911.

Creditors and Debtors, in Pitman's Manual of Spanish Commercial Correspondence, p. 116-125, by G. R. Macdonald. \$1. Pitman, N. Y. 1916.

Credit Insurance

Credit Insurance, in Credits, Insurance, Brokerage, p. 395-400, by J. J. Craig. \$3. Whitman Pub. Co., 608 S. Dearborn Street, Chicago. 1911.

Credit Insurance, in Library of Business Practice, vol. 3, p. 43-54, by T. J. Zimmerman. 10 vols. \$17. Shaw, Chicago. 1914.

How to Read Financial Statements

THE financial report on a company being obtained, some technical knowledge is needed to draw conclusions of service in making decisions to grant or refuse credit.

How to Analyze Industrial Securities, by Clinton Collver. \$2. Moody Magazine and Book Co., 35 Nassau Street, N. Y. 1917.

Financial Statements Made Plain, by E. A. Saliers. \$1.06. Magazine of Wall Street, 42 Broadway, N. Y. 1917.

How to Analyze Statements, in Credits and Collections, p. 77-99. \$3. Shaw, Chicago. 1918.

Financial Statements, their Form and Analysis, from Mercantile Credits, p. 64-86, by Herman Flatau. \$2. Ronald Press, N. Y. 1914.

How to Analyze a Financial Statement, in What a Salesman Should Know About Credits, p. 29-38, by J. C. Aspley. \$1. Dartnell Corporation, Transportation Bldg., Chicago. 1918.

Statements from Borrowers, in Modern Banking Methods, p. 185-186, by A. R. Barrett. \$4. Bankers' Pub. Co., New York. 1907.

Financial Statements; analysis of the statement, in Business Management, p. 4-6, by J. B. Griffith. 50 cents. American School of Correspondence, Fifty-eighth Street & Drexel Avenue, Chicago. 1909.

Trade Acceptances Pamphlets

RECENT books have short sections on acceptances, but the fullest and best information is in pamphlets. These can be obtained without charge by writing to the banks publishing them.

Acceptance Primer. Foreign Trade Banking Corporation, 35 Wall Street, N. Y.

Acceptances. Mechanics and Metals National Bank, 20 Nassau Street, N. Y.

Acceptances. National City Bank, N. Y.

Practical Questions and Answers on the Trade Acceptance Method. Trade Acceptance Progress, Trade Acceptance Review. Irving National Bank, Woolworth Bldg., N. Y.

Note: The information given after the title of each book in this list is sufficient to enable a dealer to obtain it for you if he has not a copy in stock.

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- issuing travellers' credits in dollars and sterling
- issuing documentary credits payable in all parts of the world
- handling practically every kind of financial transaction



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Speaking of Foreign Trade—

It might be well for us to remember our own overseas markets before going out to conquer those of other nations

By C. E. BOSWORTH

Formerly of the United States Consular Service

IT would be tragic if we should wake up some morning of a new fiscal year and find that we were negligible as purveyors to the Philippines. We would be somewhat in the position of the fond father who carefully reared his boy, established him in business allied to his own, and then found that the boy, as his purchasing power grew, had gradually transferred patronage to his father's competitors.

Other nations undoubtedly see the progress the Filipinos have made and are making and appreciate the fact that before many years have passed these eight millions of people will have become quite as important customers of *somebody* as any other eight millions of the recently modernized people to whom we are paying so much attention. Statistics will show that, as a general proposition, the purchasing power and requirements of the natives are increasing rapidly. The Philippine imports in 1907 amounted to only \$30,453,620, but those of 1918 rose to \$98,599,212. Filipinos are now paid well and regularly. Under the old regime they were paid but little and not always that little.

The Filipinos, too, are fast becoming Americanized. Many things almost unknown to them when America first began to exercise her influence over them are every-day necessities now. The sale of children's apparel, for instance, is an entirely new branch of merchandising. Books and magazines, modern dress for men and women, modern household utensils, and similar merchandise have become a part of the Filipino life only since the coming of American influence. We taught them to use and appreciate these things. We are still teaching them. Our influence has radiated from the cities to the villages, out across the plains and well up into the hills and mountains and modern merchandise kept company with our methods. With the maturing of the present youth of the Islands the market for this modern merchandise will increase tremendously. Why should we not enjoy the fruits of our labor?

In the big things we still have the advantage. Many Filipinos are driving American automobiles today. Until 1910 imports of automobiles were not of enough importance to command individual attention. Now, however, the demand for automobiles, their parts and tires, has become a million and a half dollar market. It is still growing. The market for other vehicles has nearly doubled during the last ten years. In these things the United States has little competition from other countries. This lead applies to nearly all machinery and large merchandise, but to raw stock, no. England, China and the British East Indies sell the Philippines much more pig iron than we do. In metals in other forms—that is, semi-manufactured—we lead by a wide margin, but in small manufactured hardware we seem, under present conditions, almost hopelessly eclipsed. In 1913 we sold over \$36,000 worth more of cutlery in the Philippines than Japan, but that country was only \$15,000 worth behind us in 1916, and \$34,000 in 1917, whereas the imports of cutlery were \$104,000 in 1913, \$80,000 in 1916, and \$190,000 in 1917, so that the relative gain of Japan

is large. Aside from the United States, Japan is the only country showing a gain in cutlery, and her gain is pretty close to 100%, for in 1913 she was hardly a factor in the market.

In enameled utensils, for which there is a \$150,000 market, we are almost too unimportant to be considered. Germany dominated this market until 1915, when Japan jumped into the lead, increasing her sales in the single year from a paltry \$100 or so in 1914 to over \$35,000 in 1915. With the momentum gained by this start she swept into the 1916 selling with a vengeance and captured over \$125,000 worth of the \$150,000 trade in these utensils, while in 1917 imports from Japan amounted to \$90,000 out of a total of \$120,000. The United States got less than half of the balance of the business. At first the Japanese article was about as poor in quality as could be sold in any market, but now there is competition from Japan in both price and quality. Aside from our prices being too high, our shapes are not right, but with our prices reduced the shapes would answer.

The Danger of Overconfidence

OUR smug attitude that superior quality will re-win lost markets for us is a dangerous idea. Other people can improve quality, and even if they do have to raise prices, it does not necessarily follow that their increases will bring the prices up to our levels.

In even so small a thing as lead pencils we are seriously threatened. American pencils are increasing in price; Japanese pencils are decreasing in price and bettering in quality. They cost about 30 cents less per gross than American pencils, duty paid, and the duty is 15% ad valorem. The Japanese pencils are lacking in rubber caps, so Filipino dealers buy the caps in America and put them on Japanese pencils. This pencil business furnishes a good illustration of the American attitude toward many things. This price difficulty was explained to an American pencil salesman. He pooh-poohed the idea, saying that his pencils outsell all others in Japan itself. Perhaps so, but that does not change the situation in the Philippines.

If we are to grow in the export field, we must take these facts seriously. If a condition swings a sale, there is no getting away from its seriousness.



The Philippines produce millions of cigarettes annually, but they are not rolled in American paper. France, Spain and China have the lead here. If the paper manufacturers of the United States want this business, similar goods and similar packing will at least command consideration. The consumption of cigarettes in the Philippines is great and so is the exporting. In 1916 over 47,000,000 and in 1917 nearly 54,000,000 were sent out of the Islands, some going even into Egypt.

Cotton goods made from American cotton in other countries, toys, toilet preparations, and nearly all small merchandise can be placed in the same category. Why not, in some effective way, extend our conservation of the things we need to new, growing markets? American resourcefulness surely will not fail when applied to a market of our own making.

"Acknowledging Yours of the—"

IT should be understood that in the Philippines the market for American merchandise is not vested in the Americans and Europeans there. It is overwhelmingly with the Filipinos themselves. Simply because a man lives in a nipa house set above the ground on bamboo poles is no proof that he lacks the wherewithal to purchase what he really wants. Many of these houses contain fine pianos and talking machines, and not infrequently there is a four or six cylindere American automobile under it. Some of the merchants in the Philippines complain that Americans do not answer letters of inquiry. Despite the advertisements of stationers, you can not always judge a man's purchasing capacity by his letterhead nor the language of his communication. Every inquiry from the Philippines should be answered immediately, carefully and courteously, for most of us have no intimate knowledge of the community nor the man's influence in it. It is better business to treat with an inquirer as though his purchasing power were already known to be considerable and his financial standing unquestioned. The credit arrangements can be made later, and the average Filipino knows enough to finance his purchases in a way to satisfy the manufacturer.

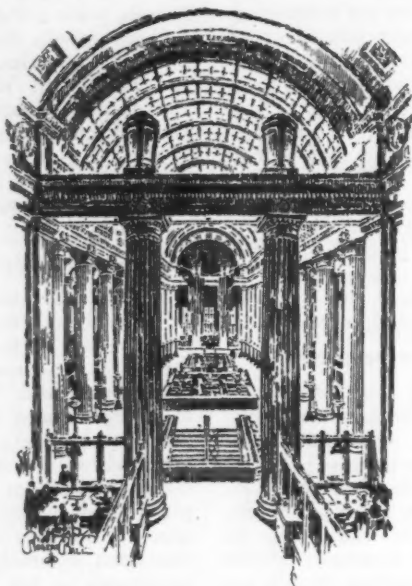
Because a man happens to be a "native" or a "foreigner," unacquainted with business English, it does not necessarily follow that he is insignificant. We are "foreigners" to some people, you know. Also, there are merchants in the Philippines outside of Manila, and the provinces are quite as progressive and prosperous as Manila or any of the other cities.

EXPORT ASSOCIATIONS are not peculiar to the United States. All the exporters of fish in Newfoundland have formed an association, which fixes prices at which Newfoundland fish may be sold in New York, or any other part of the world they reach, and allows its members to export only under license from the Minister of Shipping. Apparently without wanting to hear what these fishermen had done, the South African wine farmers formed an association to control prices in what they called the most speculative market in the world.

The Foreign Banking Facilities Afforded by

The CONTINENTAL and COMMERCIAL BANKS CHICAGO

are important to American manufacturers, merchants and agriculturists—particularly those of the great Middle West—who believe in America's present opportunities for commercial greatness and who desire to profit by it.



FOR years these facilities have kept pace with the demands for foreign banking service. Under the pressure of new and increasing demands they have been expanded and now include the complete facilities of the Mercantile Bank of the Americas, the Asia Banking Corporation and the Foreign Bond and Share Company, in which a substantial ownership interest is held.

THESE affiliations, together with long established connections with 5000 foreign banks, provide customers of the Continental and Commercial Banks with unusually prompt and convenient means for transacting banking business not only in the big commercial centers of Europe, the Americas and the Orient, but in the remotest places of trade throughout the world.

Participation in financing foreign loans enables these banks to perform an important fundamental service for increasing American Foreign Trade

DIRECT PERSONAL BANKING SERVICE

rendered in

| | | | | |
|---------------|-----------|-----------|-------------|------------|
| Great Britain | France | Italy | China | Japan |
| Spain | Peru | Cuba | Colombia | Venezuela |
| Brazil | Nicaragua | Honduras | Ecuador | Costa Rica |
| | Salvador | Guatemala | Philippines | |

Continental and Commercial National Bank of Chicago
Continental and Commercial Trust and Savings Bank
CHICAGO, U. S. A.

The Law Between Friends

(Concluded from page 21)

it on so large a scale that the barley farmers and many brewers may find that resource able to take up the slack prohibition threatens to produce in their affairs.

Thus, because of its dual character—custodian of the law and expert adviser on how not to violate the statutes—the Bureau has become a clearing house of thought, rather than a penitents' corner, for the food and drugs trade.

"The food and drugs industries are in many ways public utilities," says Dr. Alsberg, "as well as agencies of public health. Food control or regulation should strive to conserve raw materials, labor, containers, etc., by preventing adulteration and other illegal practices rather than merely by prosecuting after the thing is done.

"More and more co-operative work must be done with the various industries to show them how to avoid difficulties with the laws, so as to prevent the waste of materials and funds consequent upon waiting until the thing is done before taking steps to prevent it."

It is worth noting, as a curious fact, that all laws bearing on a single subject those relating to food and drug regulation are most nearly the same. Those of the States and cities are patterned after and mostly supplement the Federal statutes; hence all the pure food forces representing the different political divisions work together, both in research and regulation, largely as one body, with the United States Bureau of Chemistry at the head, and in the main they work with a view of expediting instead of impeding the progress of legitimate trade and industry.

How the Reds Do Business

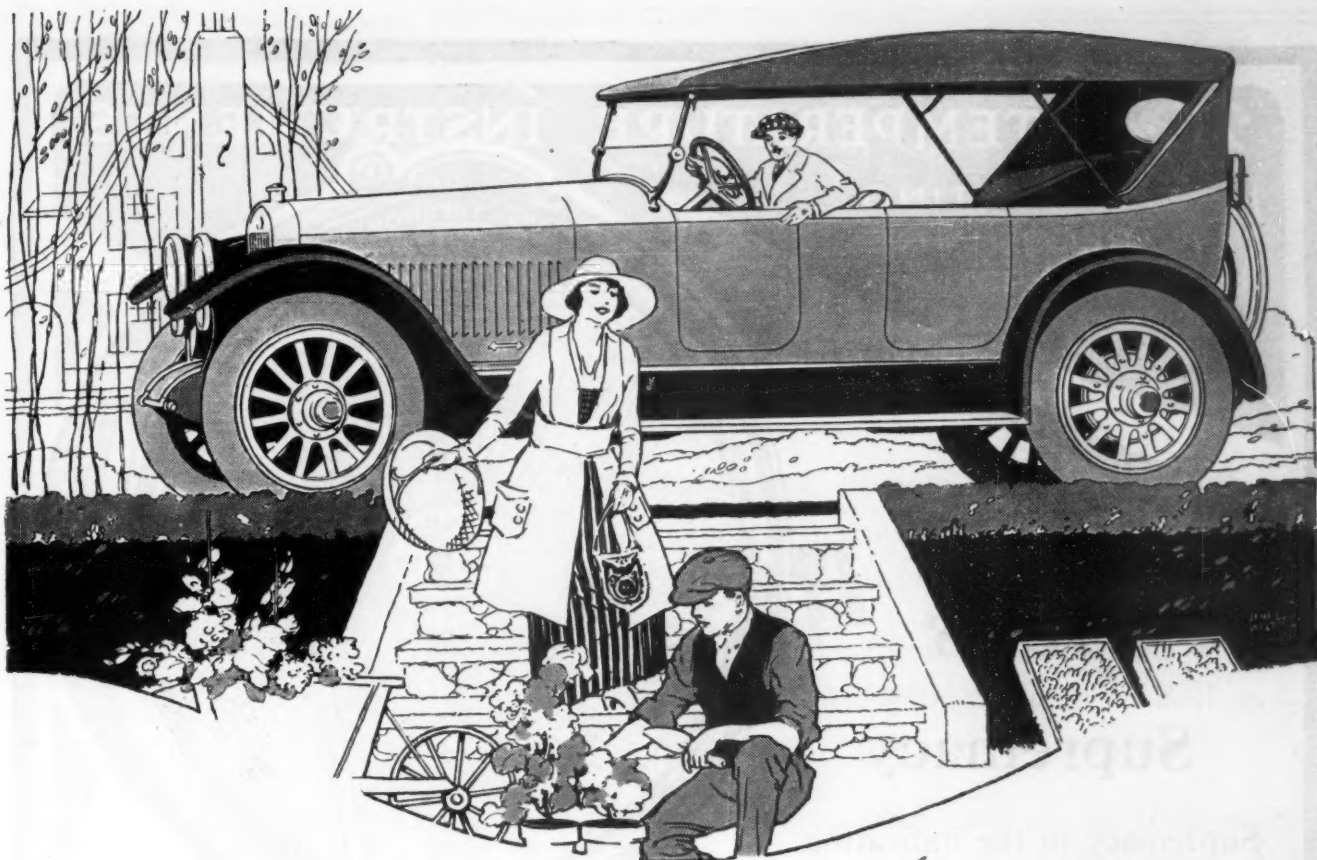
(Concluded from page 36)

money—we cancelled it. Nobody but Bolsheviks suffered much from the cancellation.

It is an interesting fact that the pulp industry, which is one of our largest, helped to save the food situation during the period after the Reds were driven out and before the American wheat arrived. We were down to fifty grammes of bread a day, where the normal consumption is 400. So we ground our wood pulp up into our flour, sometimes to seventy-five per cent. It tended to make one imagine he was getting more to eat, though as a matter of fact it was merely bulk in our insides. But we learned that our cattle could eat and thrive on pulp, and we are still feeding quantities of it to them.

I think we are cured of Bolshevism, because the very people who thought to benefit most by it benefited the least. Somehow or other the bourgeoisie and the capitalists, so-called—meaning anybody who had fifty marks—got along, those who weren't shot or murdered in other ways. But the proletariat, the working class, had less to eat, less to wear, and more troubles than they ever had under the worst industrial conditions.

They saw their leaders run away when danger threatened, they learned that it is better to produce a good deal and get part of it than to produce nothing and get all of it, and Finland stands today as the one nation which has tried Bolshevism, absorbed its bitter lesson, and is saying, in the Finnish equivalent for your American slang, "Never again."



New and Magnificent

CHARMING witchery of style is woven into this newest motor car—a magnificent private coach, alive with power, correct to the smallest detail, and refreshingly restful.

Designed especially for those exacting men and women who know all that a good car can give them, and still want a car of higher quality and an increase of enjoyment.

The Winton Six output being limited, we suggest that you give this new bevel-edge special early consideration. Salesrooms in many large cities. Shall we send you literature and the address of the salesroom nearest you?

Winton Oil Engines for yachts and motor ships, and Winton gasoline-electric light and power Generating Sets are manufactured by the Winton Company in a separate, splendidly equipped plant, devoted exclusively to these two products. Write us your needs.

The Winton Company

742 Berea Road

Cleveland, Ohio, U. S. A.

WINTON SIX

Tycos TEMPERATURE INSTRUMENTS

INDICATING
RECORDING
CONTROLLING

Tycos

Supremacy

Supremacy in the indicating, recording and controlling temperature has won for *Tycos* Instruments the foremost position among temperature instruments. They dominate in every field.

In the accurate control of those factors of temperature in which you are interested, you can find no instruments that will more surely merit your confidence than

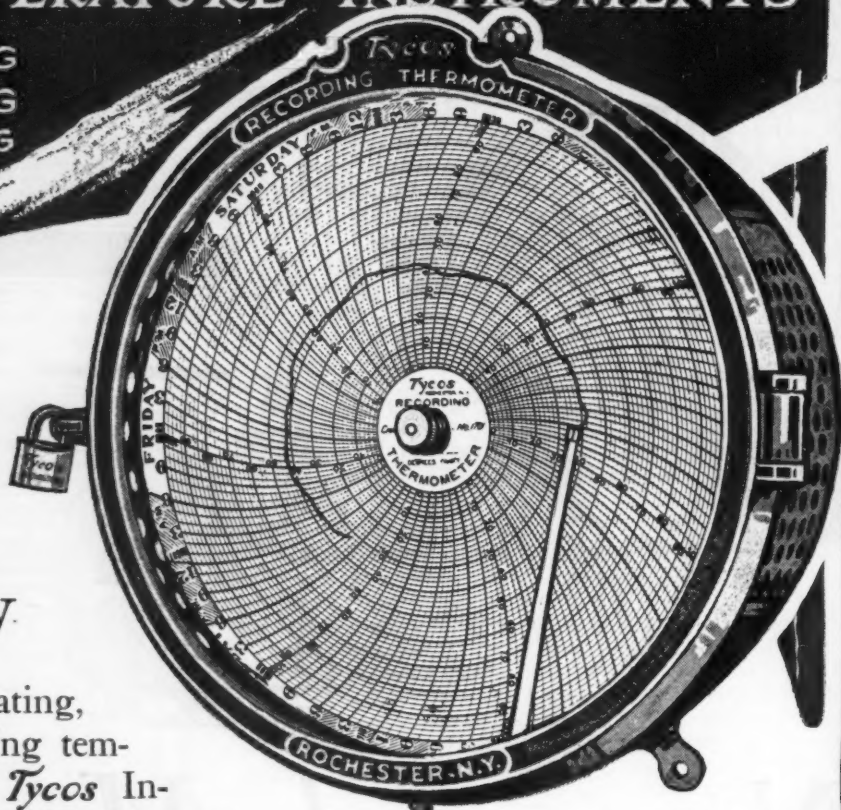
Tycos Temperature Instruments

Whatever your temperature need may be, it will be met by these superior instruments.

Let us send you the *Tycos* catalog of temperature indicating, recording and controlling instruments. It will be a valuable asset for your files.

Taylor Instrument Companies
ROCHESTER, N.Y.

There's a *Tycos* or *Taylor* Thermometer for Every Purpose



The Battle of North Dakota

(Concluded from page 50)

make a fair profit and compete with any house in the United States, the time has come when we have got to organize ourselves into one gigantic buying syndicate and see what we can do by buying merchandise collectively to fight for our lives.

That is going to be the next move. There is now an organization throughout the northwest of over eight hundred merchants who control their merchandise so they can compete with all the other houses over the country. That work we are attempting today in North Dakota is attracting the attention of the entire United States. It never was attempted before by a retail body. And this one is some live organization!

I do not believe there has ever before been an attempt to work in a hundred towns, putting in twelve hundred programs with twelve hundred lectures.

And here is the plan of advertising: First, we put out cartoons, community posters. Then our men come along and try what we call community advertising. In some of the little country towns they never do any advertising.

As I have said, ninety per cent of the merchants do not advertise, and do not believe in advertising. We try to show them what real community advertising might do. Our men show them how attractive advertising might be gotten up.

To give you an illustration of what can be done in a small town like Devil's Lake, with not quite six thousand people: we started a grocery business when I was twenty-one years of age. We had a credit of only sixteen hundred dollars' worth of groceries and not a dollar of money. Our sales for the past year totaled a little over five hundred thousand dollars.

Fortunately for me, the first week that I was in business a newspaper man interested me. He handed me a little book—it was *Printer's Ink*. He said:

"I get this every week. I'll bring it over to you after I have read it. I hope you will study it, because I know if you do, in time, advertising will make you a successful man. Don't think you are just throwing your money away in the newspaper."

I took that newspaper man's advice. And I don't believe there has ever been an issue of a weekly paper, or hardly of a daily since, that my name has not appeared before the buyers in the city and in the surrounding country. Our business began to go. Everybody began to come to my store and we have kept on enlarging and adding lines until at present we have one of the finest stores, they tell us, in the entire northwest. Of course, our prices have been right. In our institution we don't ask any odds from anybody. Every article sold goes out with a guarantee of satisfaction or money back. You can sell service, as well as you can sell merchandise, absolutely.

The way I look at the state's merchandising problem is that it is simply a matter of modern business methods.

SILVER by train loads was used by us to pay India for war goods on account of the associated nations. India has a habit of absorbing precious metals, and never yielding any back. This is naturally disconcerting to the rest of the world, but there is some curiosity as to whether India's capacity for silver will stand the test of ninety car-loads.

A Definition of Advertising by One of the Largest Buyers of Advertising Space in the World:—

"Advertising, in its last analysis, consists in getting your sign up where most people can see it, nearest where your goods are on sale."

This man defined advertising as he saw it after expending millions upon millions of dollars—a cool, deliberate, expression of opinion.

And it applies to one medium as if it were written for it—fits like a glove; nothing but

Poster Advertising

fulfills ALL the specifications of this true definition. It shows your sign, in large size and dominating colors, where most people can see it, near the dealer's place of business.

The fact that the cost is materially less proportionately, is only incidental, but a factor also worth consideration.

Information or estimates furnished by this organization without any implied obligation upon your part.

IVAN · B · NORDHEM COMPANY

Poster Advertising in the United States and Canada

8 West 40th Street

New York City

Bessemer Building

Pittsburgh · Pa.

Offices in Chicago and Minneapolis.

Canadian Representative—The Wadsworth-Nathanson Co.,
Toronto, Canada.

Drink
Coca-Cola
TRADE MARK
REGISTERED

DELICIOUS and REFRESHING

You can't think of "*delicious*"
or "*refreshing*" without
thinking of Coca-Cola.

You can't drink Coca-Cola without
being delighted and refreshed.

The taste is the test of Coca-Cola
quality — so clearly distinguishes it
from imitations that you cannot be
deceived.



Demand the genuine by full name—
nicknames encourage substitution.

THE COCA-COLA CO.
ATLANTA, GA.



Sold Everywhere

THE REASON WHY

If a man is known by the company he keeps, or the candy he buys, or the cigars he smokes then a trading stamp can be judged by the goods it secures.

Just look over this list of a few of the products to be had in exchange for *W. Green Stamps*. It's like looking over a directory of nationally known, standard manufacturers.

Oneida Community Silverware
Eastman Kodaks
Universal Household Needs
Prophylactic Brushes
Kenney Needle Showers
Bissell's Carpet Sweepers
Heatherbloom Petticoats
Gilbert Erector Toys
Ostby & Barton Jewelry
Winslow Skates
Wallace Adjustable Lamps

This list of articles (*W. Green Premiums*) explains why the *W. Green Service* is held in highest esteem throughout the United States, both by practical merchants and particular housewives. The unquestionable value of this merchandise has builded well for the universal endorsement of the *W. Green Stamp*.

The Sperry & Hutchinson Co.
2 West 45th Street New York

Little Stories

(Continued from page 40)

ships, of 3,787,825 tons, which would have cost \$797,564,276 to complete. The cost of canceling the contracts is put at \$202,853,000.

Some shipbuilders have paid into the United States Treasury income and excess profits taxes totaling \$40 a deadweight ton on vessels they have constructed. It is estimated that at least \$25 a deadweight ton has been returned to the Treasury in this manner by all shipbuilders. This does not include taxes paid by subcontractors.

American shipyards have been given permission to build steel ships for foreign account provided such construction does not interfere with building for the American Merchant Marine. It is probable that few orders can be placed immediately, the Shipping Board sets forth, since the capacity of the yards for foreign account is still limited.

Three great national needs of the American Merchant Marine have been outlined by Chairman Hurley of the Shipping Board, as follows:

Maintenance of an American ocean mail service capable of covering the world.

Establishment of a centrally controlled wireless service for promoting safety of life and property at sea and for giving American shipping and shipping interests advantage of constant commercial information.

Adequate provision for training officers so that American ships always will go to sea in charge of American citizens.

The Plant Disposal Section, to sell the government shipyards, has been created by the Emergency Fleet Corporation. Wood, concrete, and steel yards and fabricating plants will from time to time be placed on the market. The wood yards will be the first offered for sale.

For the benefit of shippers the War Trade Board has prepared a tabulation on the stowage of ship cargoes, containing statistics covering the kind of package used for various commodities, the usual gross weight of such packages, measurements, and stowage space.

The Governor of the Panama Canal has sent out a circular letter to steamship interests, inviting their attention to the ample dry dock and repair facilities at the Canal, the million square feet of sheltered floor space on piers for the transfer of cargo, the modern coal, fuel oil, and Diesel oil storage and handling plants, and the readiness of the Canal government to supply fresh meats and other foodstuffs from the large commissary stores operated by the government. The Canal shops are now completing the overhauling of five former German ships, interned at Callao and later chartered by the Government of Peru to the United States Shipping Board. Three of these have been placed in the service of the Shipping Board.

Construction

THE HOUSING SHORTAGE has become so serious in New York City that three different agencies have been named to deal with it. Surveys are being made by the Mayor's Committee, the State Reconstruction Commission and the Joint Legislative Committee.

One week's building contracts let in territory east of Missouri and north of the Ohio River totalled sixty million dollars in May.

Industries in Need of Capital

FOR legitimate business purposes can obtain it through us in amounts of \$250,000 upward.

We purchase outright First Mortgage Bond issues of high-grade, going concerns — industrial and mercantile — which have a record of successful operation.

Our plan provides the desired capital immediately, and permits repayment over long periods out of current earnings.

Experience has proved that long-time financing is safest and best, because it is the only form that liquidates over a period of years and releases at once capital that is locked up in fixed assets.

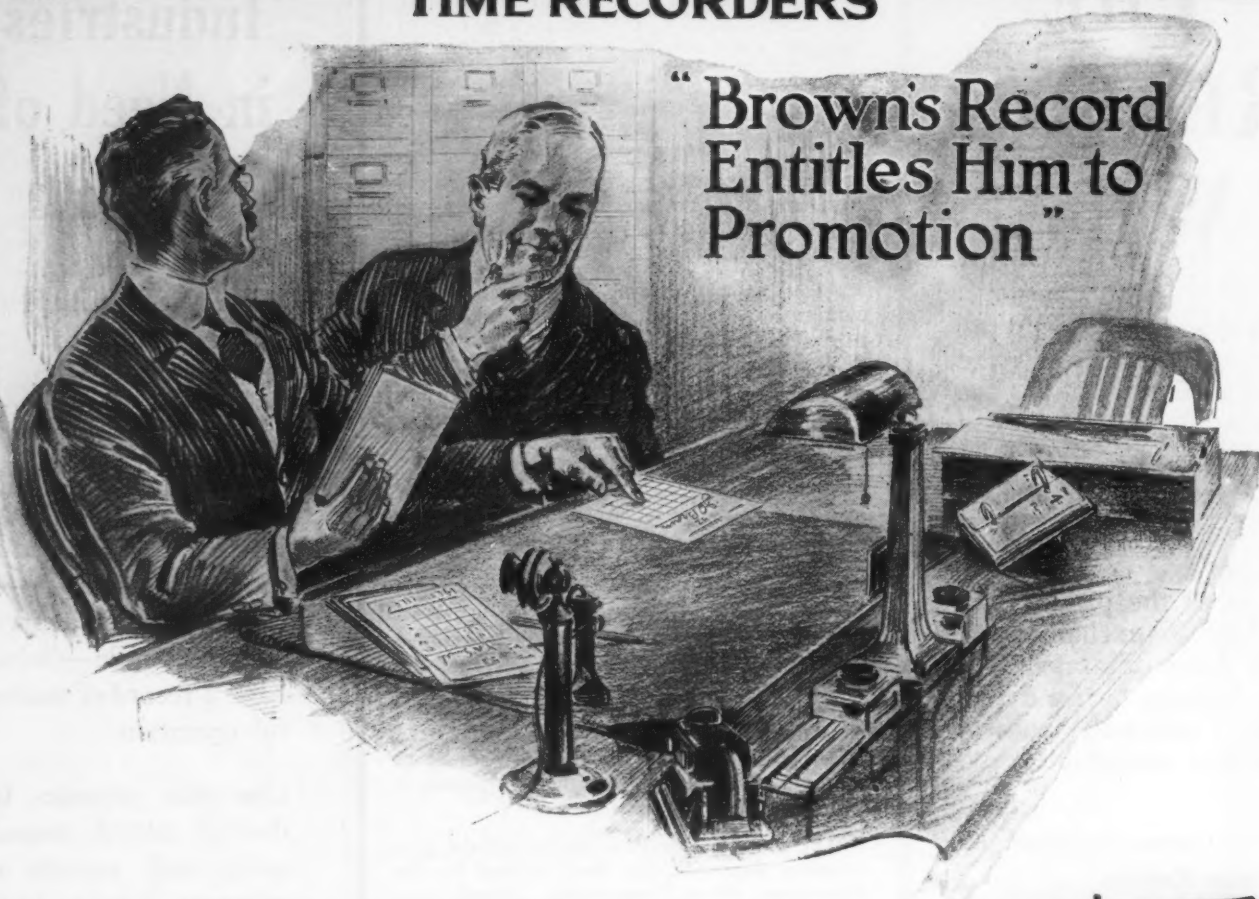
We shall be pleased to give detailed information regarding the *Straus Plan* of financing.

S.W. STRAUS & CO.
ESTABLISHED 1882 INCORPORATED

NEW YORK CHICAGO
150 Broadway Straus Bldg.

Thirty-seven Years Without
Loss to Any Investor

INTERNATIONAL TIME RECORDERS



"Brown's Record
Entitles Him to
Promotion"

IN every plant, every business, situations are constantly developing which call for quick selection of an employee capable and worthy of going higher. A loyal, painstaking worker is needed to head a new department, or to fill a vacancy—and it is supremely important to know that the person chosen has the ingrained reliability to make good.

Under such conditions there can be no surer gauge of an employee's worthiness than his record as shown by

International Time Recorders

International records, mechanically made by the workers themselves, are complete, correct to the minute and clearly printed for reference, and for payroll accounting.

Their accuracy and completeness protect the worker, give him the standing to which he is entitled.

The same qualities fully safeguard the interests of the employer. There

can be no misunderstandings or costly errors in timekeeping or payroll accounting where Internationals are used.

Know the value of your workers. Know how every minute of working time reacts upon your payroll. Know the COMPLETE timekeeping story of your business.

Internationals will tell you—infallibly!

There is a place in every business for an International—and an International for the place; models, electrically operated or spring driven, from \$70 up.

INTERNATIONAL TIME RECORDING COMPANY

Home Office, 50 Broad Street, New York City

Works, Endicott, N. Y.

Canadian Office and Factory:

International Business Machines Co., Ltd., Royce & Campbell Avenues, Toronto

London Office: 57 City Road, Finsbury, London, E. C., England

Paris Office: 75 Avenue de la Republique, Paris, France

Offices and Service Stations in all principal cities of the world



International
Automatic
Card Recorder

This, according to the Department of Labor, shows a very great increase in building operations.

Artillery storage depots to cost from \$500,000 to \$1,000,000 each will be built by the government at Savanna, Ill., Port Clinton, O., and Aberdeen, Md.

Explosives valued at more than \$10,000,000 manufactured for use in munitions will be used by the Interior Department for road building and other reconstruction work.

Miscellaneous

THE ARMY AIR SERVICE is planning to establish a great nation wide system of military and civilian air fields. The fields will be instituted first in thirty-two cities, the number to be increased as conditions demand.

The United States is not the only country with a railroad problem. Transportation systems in other countries also have suffered as a result of war demands. Criticism in Italy of the transportation service has just drawn from the government a lengthy statement setting forth some of the difficulties confronting the management.

A general tendency towards lower beef prices is noted in Armour & Company's weekly review.

More than half a million buildings will be required to reconstruct the devastated districts of northern France, according to a government estimate. Buildings destroyed in the war zones numbered 300,000 and those partly destroyed 250,000.

An extensive reform of its consular service is planned by the British Government. The cost of expanding the service is estimated at \$6,500,000. Of this sum \$1,000,000 will be spent in fortifying the commercial diplomatic service.

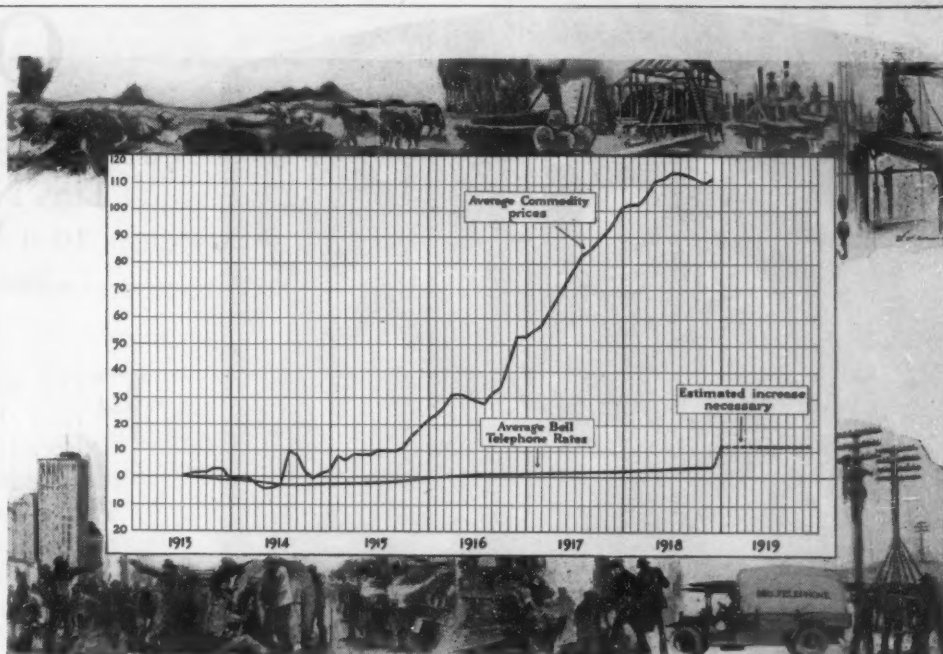
The British public is becoming educated to the American soft drink, but insists on having bottled goods. The soda fountain that is so popular in America is not a success in England. The Britisher likes to pour his beverage from a bottle.

India's cotton production dropped slightly in the season 1918-1919, due to a considerable decrease in acreage. The crop is estimated at 3,671,000 bales against 4,000,000 the previous season. The yield per acre, however, was slightly heavier than in the previous year.

Uncle Joe Cannon may be about the only American who still wears homespun, but it appears that many Britishers will go back to the cloth of our grandfathers. Wounded soldiers are now being taught hand weaving in hospitals, where ancient looms have been placed and the cloth is finding a ready sale.

The British are going in for air travel in earnest. Some twenty concerns are opening schools for training flyers, and a dozen firms are getting ready to produce sport and touring model planes. Other concerns are organizing fast passenger services to the north and still others are at work on Continental, Indian and African lines. There has been little difficulty, it is said, in obtaining capital for aircraft enterprises.

The geophone, a listening instrument devised by the French during the war to detect enemy sapping operations and for the location of enemy artillery, has been put into use by the Bureau of Mines as an aid in locating



A Comparison of Costs

A graphic picture of the high cost of doing business is shown by the rise in a long list of commodity prices during the past five strenuous years.

By the exercise of unparalleled economies, telephone rates have been kept almost unchanged.

The fact is, the increase in the cost of commodities has resulted in what is equal to a decrease in telephone rates. In other words: The dollar which was spent for the telephone has bought more than twice as much as the dollar spent for the commodity.

The activities of reconstruction which are now upon the nation have put a great burden upon the telephone. This condition has made necessary an advance in telephone rates.

This advance does not exceed an average of eight percent; almost negligible as compared with the advances in other lines of industry, yet enough to cover the increase in the cost of operation.

Only through adequate revenue can there be assured the maintenance of a high standard of telephone service.



AMERICAN TELEPHONE AND TELEGRAPH COMPANY
AND ASSOCIATED COMPANIES

One Policy

One System

Universal Service

To Get Your Summer Issues of *The Nation's Business*—

SEND us your summer address and *The Nation's Business* will go forward to you during the summer months.

If you will add also the date you wish it returned to your permanent address, it will be switched back as usual in the fall.

Address: Circulation Department, *THE NATION'S BUSINESS*

Riggs Building, Washington, D. C.

Oil: Its Job

It Has Supplied a World at War; It Has Now to Supply Even More to a World at Peace. Its Resources—and Its Tools—Are All for That

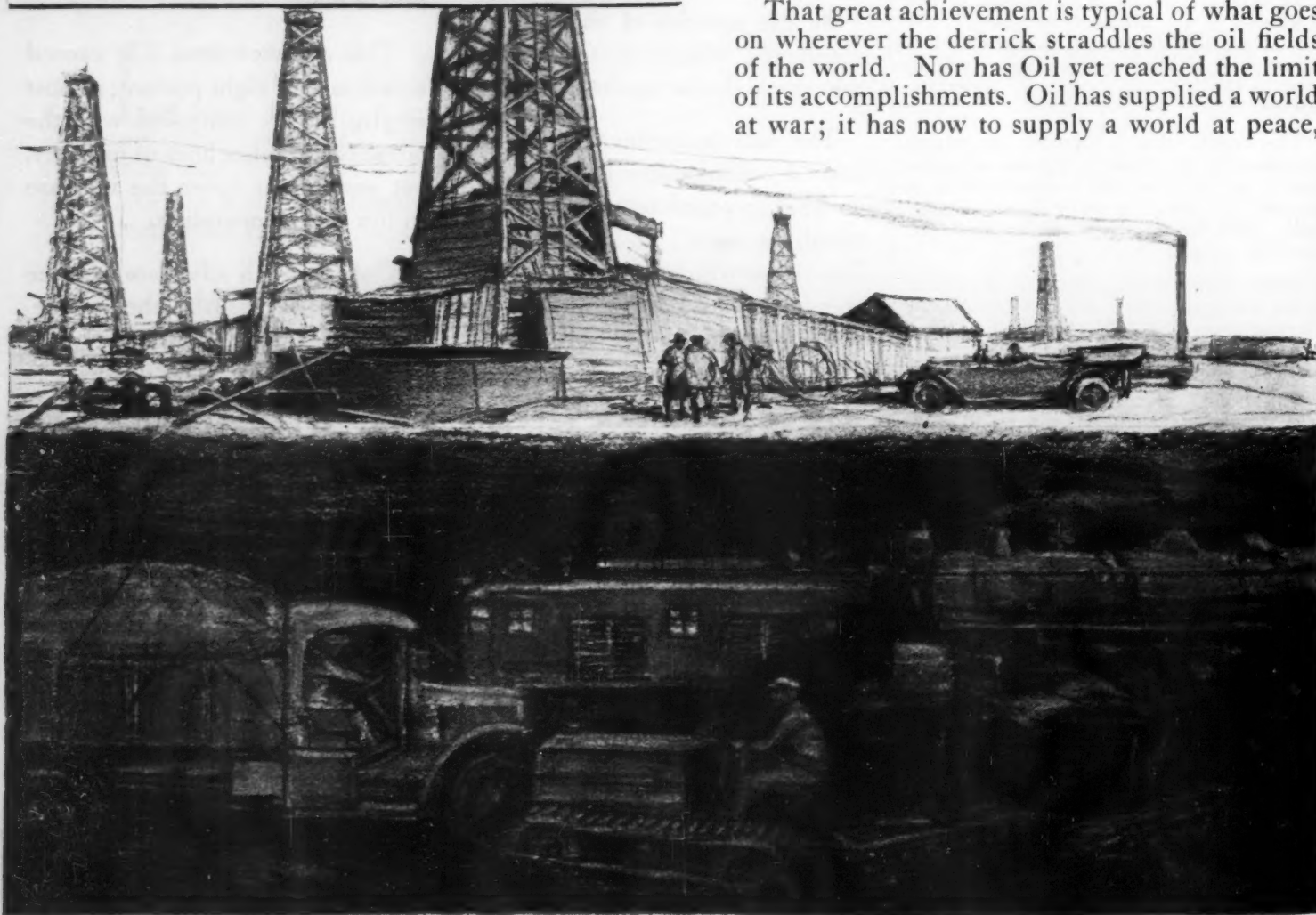
FOR the last three years the American nation has been combing the length and breadth of the continent for new oil pools—the greatest prospecting enterprise in history.

There was not Coal enough, nor Steel enough, nor Ships enough, nor Food enough. Therefore, these things were on every lip.

But because the flow of Oil has never once visibly slackened; because of the wonderful skill with which the oil industry rose to meet the test, the American people have remained largely oblivious to the miracle which has been wrought before their very eyes.

By something little short of a miracle, by a degree of commercial skill, unsurpassed among the records of the war, the oil men of the country have given us petroleum when it was called for in quantities so vast that it seemed impossible to satisfy the need.

That great achievement is typical of what goes on wherever the derrick straddles the oil fields of the world. Nor has Oil yet reached the limit of its accomplishments. Oil has supplied a world at war; it has now to supply a world at peace,



and to meet the requirements of a new industrial order to whose bigness the boldest prophet dares set no bounds.

Production, enormously stimulated by war, must be given the world to go on with a momentum greater than anything it has known in the past. Machinery, using Oil for power, or lubrication, or both, will see a development greater than anything we can now dream—a development that may make the next decade compare with the last two as a year in Europe to a cycle in Cathay. And in that future, Oil will have its part—because Oil is *one* of the things that will make it all possible.

Not that the great future of Oil need blind us to the significance and the romance of it as it comes from the earth today. Think of those instruments which more than any other typify the reaching of oil, the Percussion Bit which, at the end of its thousands of feet of cable, crashes and pounds its way with steady rhythm, shivering the face of the rock to powder and churning the crushed rock till it fluxes; and the Rotary Bit which forces its way through the quicksands, till the treacherous, unstable obstruction is swept aside.

The earth holds no secrets, no stores of hidden wealth of oil that may not be sought out and brought to the hand of man through the agency of some development of the American drill. Let nature hide its treasures under thousands of feet of hardest rock and Lo! the bit bites its way through. Let the barrier be tip-tilted through volcanic action until the strata present an angle like the roof of an old Dutch house, the answer is the same—straight towards the

center of the earth the bit will find its way.

It may be that the oil found its resting place in some great spread of soft sand, capped by impervious limestone and covered by two or three thousand feet of soft unstable silt or springy clay or yielding plastique. Is the task hopeless? Then comes the swiftly rotating Hydraulic and spins its way down with unerring certainty.

The answer is always the same—any depth, anywhere—from “Greenland’s icy mountains to India’s coral strand”.

Think of these things—First the tremendous bits; first the needful tools; first American enterprise and the American energy that devised those tools; first the Oil Well Supply Industry—then Oil. Then think of these things multiplied as the wonderful future will call for them, and as the Oil Well Supply Industry will stand equipped to produce them.

The whole world drills for Oil with American drilling tools and American drilling methods. Yesterday the world fought with them. They stood among the essential weapons of

the war. Today the world prepares to rebuild with them. They are among the essentials of reconstruction. For them the world has found no substitute or adequate imitation. They are the best.

Oil Well Supply Co.

Pittsburgh, Pa.

and wherever oil
is found



The Call of Overseas Markets

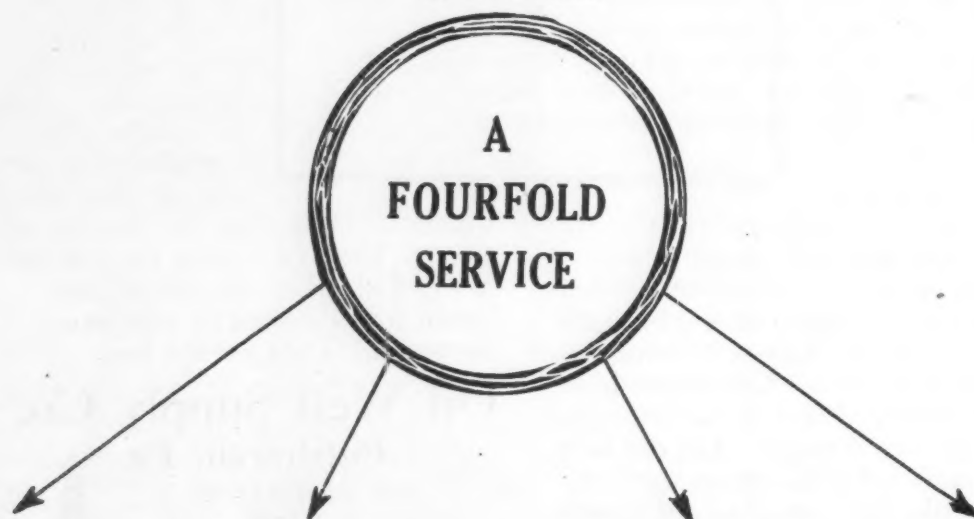
This storm-rent world is taking stock. Its millions must be fed and clothed. The life-current of the race will sweep on. So the Business of Living—the supreme nations'-business—dominates the minds of men.

Now Strikes the Hour for Trade Activity

Nations are mutually interdependent and all must seek to expand their trade. Especially America! Our productive power was never so great—our future on the seas never so bright—never so clamorous the demand for our goods.

Here is a chance for a Newspaper to serve! Here is a field where News is a Necessity. Foreign Trade must be built upon FACTS.

New York Evening Post OFFERS



Authentic Supplements dedicated to foreign countries—recently three on Japan and one on Cuba. Others at timely intervals.

The Monthly Foreign Trade Review, including an Industry Section—every first Saturday.

A Page of Foreign Trade News and Comment, included in Weekly Financial Section—every Saturday.

The International Bureau Information Service, free to importers, exporters and visiting foreign buyers.

*Indispensable to every alert business man
The Medium for those who have a Message.*

Such a newspaper helps determine business problems and plans. Its value is best estimated by the fact that the most enterprising business men in America and abroad have confidence in *The Evening Post*.

Make this great audience yours!

For advertising space, or information address

INTERNATIONAL BUREAU

New York Evening Post

entombed miners. The instrument has been improved by United States army engineers.

Among other things that have soared in price are rents. They will continue to rise, according to real estate and construction men, unless building prices come down. High building prices, insofar as they prevent building, boost rents because of a general lack of housing. Buildings erected at current high prices must necessarily command high rents, it is pointed out, or they will not be profitable as investments.

Propaganda for the simple life impressed on the American people during the war seems to have fallen on fertile field, insofar as it relates to the importation of luxuries. Statistics compiled by the National City Bank indicate that the value of luxuries imported in the fiscal year just ending will be only a little more than half of that brought in during the preceding year, although prices on all that were imported were considerably higher.

A Reversion to Type

STRONG language in government circles has by common consent been tacitly reserved for the description of those fellow Americans who have not attained public office. Otherwise, official communications have apparently been patterned after the State Department's diplomatic exchange, and have been models of urbanity.

The spell now seems broken. With or without justification, the heads of a department or two have spoken out in a very human fashion, and about other folks in official life, too. It is some time since official statements have contained such red-blooded language. "The strutting around of this official," "he thinks he made an incomparably fine official, but the writer has abundant reason for disagreeing with him," "there is scarcely one accurate assertion or sane deduction in all of his intemperate screed," "has persistently and consistently practiced deception," "met with a stubborn and haughty silence," "only a quibbling lawyer with an imagination inflamed with interest could find an excuse," and "unable to penetrate the inky cloud in which the squid has concealed its escape" are phrases that remind the perusers of history of the good old days a century and more ago when official stylists were truly powerful men and sharpened their quills with bowie knives.

At any rate, the English language is regaining its pristine vigor at Washington.

SCIENTISTS class the whale as a mammal, but the Board of United States General Appraisers in New York has ruled that whale meat is fish for purposes of levying import duties.

The whale meat which was the subject of the decision was imported at Seattle and was classified by the customs officers as "fish in ten packages not specially provided for" and duty was levied at the fifteen per cent ad valorem rate. Importers contended before the Customs Board that the merchandise was meat and in a lengthy decision the Board declared there was not a single fact to support statements that the flesh of the whale, if it is a meat, is ordinarily known or accepted as a meat of commerce.

"Its use as meat," said the Board, "is so limited that we have the right to accept as conclusive that commerce has not placed it in the domain of meat; therefore, we must give it the meaning understood by ordinary people of common intelligence."

B



The Gordian knot of business—

The Phrygians needed a king. They were instructed by the oracle at Delphi to choose the first person they met riding on an ox-cart towards the temple of Zeus.

They did. It was Gordius, a poor peasant. He afterwards dedicated his cart and yoke to Zeus, and tied the knot so skillfully that the oracle declared that whoever should unloose it would be ruler over all Asia.

Then came Alexander the Great and cut the knot in two with his sword. *Very simple!*

The Gordian Knot of business is filing. Some men, even today, put up with a mediocre filing system simply because they imagine no one can untie the difficulties that beset them.

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THINK A MINUTE

WHAT is your doctor's first question? Why does he suspect constipation?

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These body poisons are absorbed by the blood and carried all over the body until the weakest organ, unable to withstand the poisonous contact, becomes infected and refuses to act properly. Unfortunately it is usually not until then that the doctor is consulted and asked to treat the diseased organ.

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Constipation is not a matter to be taken lightly or neglected. Nor is it either sufficient or safe to take castor oil, pills, salts, mineral waters, etc., in order to "force" bowel action. Such action does not cure constipation, it makes constipation a habit.

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For Constipation

Dakar and Destiny

(Concluded from page 17)

Is it not only a matter of a few years when a large part of the world will follow America with prohibition laws, and remove this supposed foreign trade disadvantage? The movement is vastly stronger in Europe than is generally believed.

Would not the long rail trip over the Gibraltar-Dakar line so increase the cost of European merchandise that it could not compete with American products? Is there much advantage in the receipt a few days earlier of long distance cargoes?

If there is an advantage in guaranteeing earliest delivery of goods to a distant consumer, why shouldn't there be a direct connection between the railways of Venezuela and Brazil that would give the United States an all-land route with a similar advantage? Although such a connection would have to be laid across the Amazon country, a swampy jungle in places, it probably would not be so costly as the Northwest African railway and Gibraltar tunnel.

Dakar drowns on with the smile of dreams on its face.



CANARDS flourish in times like these. The British House of Commons was solemnly told that 20,000 undesirable aliens were mobilized at Rotterdam and waiting with tickets in their pockets to invade Britain the moment peace is signed. Good Americans who have been busy setting things to rights now hear, to their great surprise, that without their having so much as a suspicion the country in the winter missed revolution by the turning of a hair, and are assured from the same source that the danger is now passed. Another yarn alleges nationalization of some basic American industries, without explaining how the Constitution is to be run through a meat chopper and made into a wonderful curry over night. Even the seventeen-year locust innocently made his contribution; when he emerged this spring he showed on each wing an indubitable "W", which in some quarters was held to be an infallible prognostication of war and yet more war. It took a spectacled entomologist to clear the locust's character as a prophet; for the forefather of all the locusts, even when war was spelled "bellum" and in other ways, bore the self-same mark.



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COMMISSION OF CONSERVATION CANADA

FIRE WASTE IN CANADA

Another tribute to Automatic Sprinklers

This official Canadian Government publication contains information that is extremely valuable to every property owner. We have secured permission to reprint Chapter VII on "Private Fire Protection." A copy will be sent to you on request.

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FIRE WASTE IN CANADA

The general reliability and efficiency of automatic sprinklers is shown by the record of fires in Canada. The most complete statistics available are those of the National Fire Protection Association, which include practically all fires occurring in the United States and Canada during the last decade.

From 1897 to 1917, the record shows that 18,795 fires, 12,194 or 64.8 per cent were extinguished and 5,750 or 30.6 per cent satisfactorily controlled by sprinklers. Only 851, or 4.5 per cent of the total number, could be termed unsatisfactory and these were largely due to human interference.

In general, rates run from 50 per cent to 80 per cent less upon properties after their equipment with sprinklers. In one particular instance, the saving paid for the entire installation in two years. The average experience is that from four to six years are required for the reduced insurance premiums to cover maintenance costs and cancel the original investment with accrued interest.

In other words, sprinkler protection shows an average efficiency of over 95 per cent under all conditions of service.

The number of sprinkler heads opening in each fire recorded is given in the following table:

| No. of sprinkler heads opening | No. of fires extinguished 1901-1917 | Per cent of fires extinguished |
|--------------------------------|-------------------------------------|--------------------------------|
| 1 | 5,772 | 11.5 |
| 2 | 5,065 | 10.4 |
| 3 | 1,579 | 10.1 |
| 4 | 1,498 | 7.9 |
| 5 | 473 | 4.8 |
| 6 | 715 | 5.0 |
| 7 | 865 | 5.5 |
| 8 | 477 | 2.5 |
| 9 | 713 | 3.7 |
| 10 | 275 | 1.5 |
| 11 to 15 | 975 | 5.2 |
| 16 to 25 | 812 | 4.3 |
| 26 to 50 | 435 | 2.3 |
| 51 to 100 | 155 | 0.8 |
| Over 100 | 426 | 2.3 |

From these figures, it appears that 84 per cent of the fires extinguished by the opening of less than ten sprinkler heads, or approximately less water than is discharged by a single fire department.

GLOBE

SPRINKLERS

Tying the Loose Ends

SEVENTY-FIVE PER CENT of the War Department's task in settling its contracts had been completed by May 17, according to a report made by the Director of Munitions to the Secretary of War. Upon 24,199 contracts there was curtailment after the armistice. Of these, 15,756 had been finally disposed of through release, supplementary agreements, or awards. Upon 2,500 more district boards had reached a definite agreement. Claims estimated at \$150,000,000 had not then been presented, ordinarily by reason of their complexity or extent. In all, the claims on account of curtailments are expected to aggregate \$700,000,000, whereas if the corresponding portions of the contracts had been completed the outlay would have been \$6,000,000,000. The actual amount finally awarded to May 17 by reason of curtailment or termination was \$153,000,000 and the amount paid was \$125,000,000.

These figures respecting curtailments and termination refer to both formal and informal contracts. Respecting informal contracts claims may be filed under the law of March 2 until June 30. On May 17 the total number of claims of this class that had been filed was 2,844. Upon 568 of them awards had been made, aggregating \$38,000,000, of which amount \$33,000,000 had been paid over. If the informal contracts covered by these awards had been performed as originally contemplated, the cost to the government would have been \$201,000,000.

The Construction Division, the Chemical Warfare Service, and the Director of Explosives are said to have practically completed their settlements on account of curtailments and termination of contracts. The Engineers Corps and the Signal Corps are expected to complete their settlements about July 1, the Air Service and Purchase and Storage before August 1, and the Ordnance Department not later than September.

RESALE PRICES were before the Supreme Court on June 2, but led to no especially new result. The government had proceeded by indictment against a manufacturer on the theory that through a plan for maintenance of resale prices there was a combination of manufacturer, wholesaler, and retailer in contravention of the Sherman Act. It was the first time this mode of approach to the question had been tried.

Out of the ordinary situation involving resale prices the draftsman who constructed the indictment had much difficulty in alleging a prima facie offense under the anti-trust laws. After considering his handiwork, the Supreme Court decided it did no more than recognize a manufacturer's undoubted right to specify resale prices and to refuse to deal with anyone who failed to keep to them. Accordingly, it concluded, no offense was set out.

Incidentally, the court reiterated the rights of a manufacturer or merchant. In the absence of any purpose to create or maintain a monopoly, the court said the Sherman Act does not restrict the long-recognized right of a trader or manufacturer engaged in an entirely private business from exercising freely his own independent discretion as to persons with whom he will deal. Of course, he may announce in advance the circumstances under which he will refuse to sell.

The ordinary plan for maintenance of resale prices thus appears to be proof against an attack through the Sherman Act.

Foreign Trade Information

We are actively interested in the expansion of foreign trade, and will be glad to extend all possible aid to present importers and exporters or to those who contemplate entering the foreign field.

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Cotton's Kingdom

COTTON comes about as near to universal use as any of the earth's commodities. Upon its production, manufacture, and distribution the war has had effects. Accordingly, a conference regarding cotton and the problems that go with it, which will be held at New Orleans in the autumn, should have many interesting developments. A group of Americans is now visiting Europe to extend invitations for the conference and to make other preparations.

Meanwhile, the Lancashire district in England is contemplating a British cotton mission, but apparently cannot as yet make up its mind whether the mission should set out on its travels as an official enterprise, with credentials from the government, or should merely represent the manufacturers. This commission would take a "look-see" not only in the United States but in Japan, China, India, Java, and the rest of the world where cotton is grown, manufactured or sold.

Guarding Our Good Name

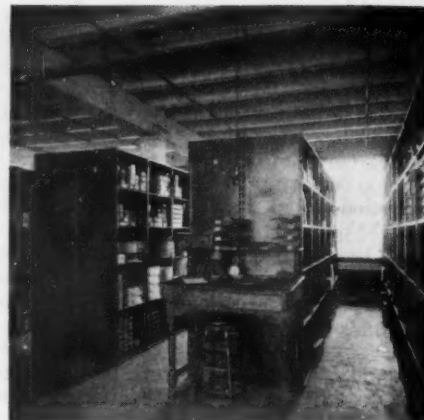
GOOD BEHAVIOR away from home as well as among one's commercial neighbors is the standard set up by the Webb-Pomerene Act, which allows cooperation in export trade.

Before the new law was passed the Supreme Court had held that American courts had no jurisdiction to say an American in a foreign country should there follow the laws of the United States, taking the position that his acts abroad were governed by the laws of the country where he happened to be. The fourth section of the new law may have changed that situation, and made an American citizen take with him to all parts of the world his home law against unfair methods of competition as laid down in the Trade Commission Act. The provision of the Act of April 10, 1918, is that the prohibition against unfair methods of competition and the powers of the Federal Trade Commission are extended to include methods used in export trade against competitors in export trade, even though the acts are done outside of the United States.

On June 10 the Trade Commission announced it had begun its first proceeding under this extension of powers. It has taken up the case of an American manufacturer who upon his articles marketed in Mexico placed labels representing they were made in Europe. The propriety of such a method of palming off American goods upon those of our neighbors who will have nothing to do with "Gringos" the Commission questions, possibly in part because such a device will give to one American manufacturer an advantage in the Mexican market over other American manufacturers who want to stand by their colors.

Regarding the exact jurisdiction of the Commission, in interstate commerce or in connection with export trade, the courts are now handing down some decisions. In May a Circuit Court of Appeals held that the Commission could restrain an act of unfair competition only when it affected all purchasers and was injurious to all competitors. In other words, the court said that the Commission could deal only with practices which are unfair to the public generally. Upon the correctness of this decision the higher court may have a chance to pass.

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